



# African Communist

3rd Quarter 2015

Issue Number 190



## FORWARD TO THE ANC NATIONAL GENERAL COUNCIL

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EDITORIAL NOTES

# ANC NGC: Let's discuss the relevant economic issues

This issue of *The African Communist* coincides with the convening of the ANC's mid-term National General Council (NGC), involving some 3 000 delegates. NGCs, non-elective meetings with branch-level representation, are designed to unleash a process in which there can be the widest review of progress made since the last national conference - in this case the ANC's 2012 Mangaung national conference. The aim of an NGC is to refine mandates going forward for the ANC and ANC-led government. A critical objective should also be to unite on the ground the ANC and its Alliance around branch-level active programmes of action that help to reinforce our strategic objectives.

As Cde Mcebisi Jonas's contribution in this issue of *The African Communist* ("Some thoughts on the ANC's economic transformation document") carefully notes, the documentation going into the NGC on the critical issue of our current economic challenges is less than optimal. In fact, the NGC economic transformation discussion document reflects symptomatically many of the internal challenges the ANC currently confronts. Much the same points are made in the initial reflections of Cde Solly Mapaila, the 2<sup>nd</sup> Deputy General Secretary of the SACP ("On the ANC NGC Economic Transformation Discussion Document: Some Preliminary Reflections") and Cde Neva Makgetla,

a veteran socialist activist linked to the movement.

In the first place, with whom is the “discussion” document in discussion? The document appears to be written by different individuals – either government officials or ANC-connected business-people – punting particular interests. As a result, the document is largely focused on specific legal or regulatory changes, and advocacy for more resources from the state, either directly or through increased local procurement. There is also pressure on the private sector to fund specific (private) interests.

The document often advances these proposals in a very technical way, with little justification or examination of counter-arguments and risks. Rather than promoting branch-level discussion, it is disempowering, and could undermine reasoned policy decision-making.

For instance, there is a relatively extensive section within the document dealing with “Real Estate”. This section amounts to little more than active lobbying of government and the private sector to ensure that black individuals are promoted within the private estate agency business. There is, of course, nothing wrong, in principle, with a significantly improved demographic representation within this and other sectors of the economy. However, the “Real Estate” section in the discussion document is silent about the substantive issues affecting land and immovable property in South Africa. There is nothing about land reform, for instance, or transforming urban settlement patterns.

What is more, the largest real estate property owner in South Africa is actually the state! The property portfolio of the national Department of Public Works (DPW), for instance, is six times larger than the largest property investment holding company listed on the Johannesburg Securities Exchange (Growthpoint).

Surely any ANC economic transformation document should provide policy debate and direction on this massive publicly-owned

portfolio? How can it be used to ensure inner-city regeneration, or township development? Is DPW managing this portfolio with the required strategic professionalism? What is the progress that is being made with DPW's establishment of a dedicated government entity – the Property Management Trading Entity? The NGC discussion document devotes several paragraphs to the question of “real estate” but is absolutely silent on these matters.

The ANC leadership has quite correctly condemned any attempt to use the NGC as a forum to lobby for support for this or that electoral slate in the ANC's still relatively distant 2017 National Conference. But surely using NGC discussion documents to lobby for private business interests is equally problematic.

Our discomfort with the NGC economic transformation discussion document is widely shared within the ANC and Alliance (and, indeed, within government). We therefore trust that in the NGC process, and particularly within the relevant commissions, a much greater focus will be placed on the key challenges of our time – the crises of unemployment and inequality.

These challenges will not be effectively confronted by simply whipping up popular frustration and anger to demagogically advance personal or factional interests. Nor will we seriously address the crises of unemployment and inequality by endlessly attempting to please the markets.

We need to effectively analyse and popularise a clear understanding of the systemic challenges confronting our political economy. As other contributions to this edition of *The African Communist* highlight, these systemic challenges include the persisting global capitalist crisis, and South Africa's continued location as a semi-peripheral formation dangerously dependent upon global commodity markets now in steep decline.

The ANC's NGC needs to be used as an opportunity to widen the appreciation of these challenges and to jointly mobilise our formations to help advance the key pillars of a strategic response. These key pillars include the continued state-led infrastructure programme, state-led industrial policy action plans, with a major emphasis on agro-processing, major interventions into education and vocational training, and the upscaling of our public employment programmes, which already employ over a million participants a year.



ANC NGC

# Preliminary reflections on the Economic Transformation discussion document

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The document's 'class innocence' is an attempt, both in concept and in content, to move away from the ANC's bias towards the working class and the poor, writes **Solly Mapaila**

**T**he ANC's mid-term policy review on economic transformation has to take into consideration the role of the ANC as an organisation, the leading component of the Alliance and the governing party.

In other words, the document on economic transformation must be articulated at least in response to these interrelated questions:

- What did the ANC resolve at its last National Conference held in Mangaung in 2012 on economic transformation?
- What has the ANC-led alliance resolved in taking forward those resolutions and what else has it resolved itself?
- How far have these mandates from the organisational motive forces of the national democratic revolution been streamlined and elaborated in government policy?
- What progress has been made?
- What challenges has the work encountered and what must be done to address them?

Instead, the economic transformation document is incoherent in so far as these questions are concerned. What it reflects are discrete

presentations by different government departments on their work relating to the National Development Plan (NDP). This point should not be misunderstood to mean that the government is not crucial to the implementation of aspects of the NDP agreed to.

The point is made to highlight the necessity and importance of clearly visible content of the leadership role of the ANC in government. The mandating role of the ANC as the ruling party, leader of our Alliance and democratically elected government, must be clearly reflected in government policy. This cannot be substituted by arguments that sound technical or “class innocent” when they, in fact, not neutral at all. Projects that come from nowhere can actually be used to drive things other than what appears on paper. Rather, what the document must do is help us take forward declared ANC policy.

In particular, the basic content of radical social and economic transformation, a perspective adopted by the ANC in Mangaung, is entirely missing from the document! Which is perhaps where the document was supposed to begin.

The introduction, in particular, gives the impression that what we have before us for consideration is a government review of progress on the implementation of the NDP, rather than a comprehensive focus on radical economic transformation as a key factor in social transformation. Still, the way the interventions such as the New Growth Path (NGP) and the Industrial Policy Action Plan (Ipap) are discussed reflect serious weaknesses. These interventions predate the NDP, an economic doctrine that contradicts the basic philosophy, in varying degrees, of both the NGP and Ipap. The main thesis of the NGP (notwithstanding some contradictions) is that decent work, jobs and employment growth must be prioritised as the key drivers of economic growth. In the NDP this formula is inverted, and the NDP is virtually weak on and fatalistic towards Ipap, which is almost absent.

It would have been important for instance for the document to elucidate, in relation to the NDP, why and what weaknesses were being addressed by the ANC at its Mangaung Conference when it had to resolve that “critical instruments and policy initiatives” – including, in particular the “national infrastructure plan”, the “New Growth Path”, and the “Industrial Policy Action Plan” – “will continue to drive government’s medium-term policy agenda”.

The document asserts the Alliance partners “agree that the NDP is a living document not cast in stone and needs to be adjusted where appropriate”. It does not, however, reflect on what the Alliance has said in further discussing the NDP. For instance, the Alliance is aware that there are genuine concerns expressed by the SACP and Cosatu about the NDP and that this had to be addressed. But the document does not present any progress assessment on that work.

Related to this, it should also not be forgotten that the ANC in Mangaung resolved that there are areas in the NDP that must be strengthened – in other words changed because they are weak. There is no progress assessment on how far has this work been undertaken in line with the principle that the NDP is not cast in stone.

Basically, it is important to look at the Mangaung resolutions and conduct a detailed assessment of organisational performance on the issues being discussed. There are agreements such as, for example, reviewing and realigning macroeconomic policy to be in sync with our microeconomic policy imperatives of job creation and industrialisation. This includes, but is not limited to, agreements on ensuring a stable and competitive exchange rate. There is no progress evaluation on how far the work has gone and what the challenges are in implementing resolutions.

It is not enough to recognise the problem of currency volatility (“the volatility of the Rand”) as the document does. We need an examination

of the factors causing this volatility and proposals on how to deal with them and achieve currency stability at a competitive exchange rate.

The document correctly identifies the structural weakness of the South African economy as lying in its colonial features. But then it goes on to call for easing conditions for commodity exporters, referring narrowly to mining resources rather than the vast array of manufactured products and services. In the section that deals with manufacturing, however, a correct perspective is presented in terms of Ipap, which is extended to the NGP particularly in terms of its jobs drivers – but only to a limited extent.

The sectoral analysis dealing with commodities and energy are extensive. But rather than move from the perspective of a mid-term review of the implementation of Mangaung resolutions, clearly spell out the challenges to implementation and how to overcome them, some parts of that analysis are asking for new policy mandates on certain issues and projects. This is in contrast to the spirit of the NGC, which is convened as a mid-term review, which the ANC clearly said is not a platform of new policy making. The fundamental issue that must be highlighted, however, is that the paradigm shift suggested is in directly contradicts the ANC's perspective (shared by the Alliance) of moving our country's democratic transition into a second, more radical phase of the national democratic revolution.

It is important to note that the decline in manufacturing employment and manufacturing sector activity, including the levels of investment, as presented in the document are currently occurring in the context of a tough international environment. If support for Ipap, a key instrument for industrialisation, is not strengthened, infrastructure development programmes alone might not become sufficient in the long run to industrialise our economy.

Also, it is clear that competition policy alone is not sufficient in

dealing with the problems of economic dominance and monopoly. More interventions are needed in dealing with these problems – sloganeering in speeches without any serious measures in practice, both in the policy of the movement and in government is not the way forward. In fact, decisions taken since Mangaung, instead of weakening the economic dominance by a few companies, monopolies and oligopolies, have actually had the effect of strengthening them.

The digital migration process, for example, in fact strengthens the monopoly of Naspers through its subsidiary Multichoice in the pay TV market and its dominance in the TV sector more broadly. A further agreement signed between the SABC and Multichoice strengthens the latter's monopoly and extends its influence on the SABC thus colonising it. In this way the SABC not only has lost its independence given the annexation of important rights and responsibilities from the SABC by Multichoice through that agreement but has also been short-changed in economic and therefore revenue terms.

Have there been no major takeovers or acquisitions of locally-based companies by global monopolies, including speculators for example? There is no comprehensive assessment of monopoly dominance in our economy. Nor is any serious attention given to the weaknesses of our existing Competition Commission and the Competition Tribunal, and related legislation and regulations to deal with the problems.

The document presents the NDP's labour market policy as if there are no problems with that model, as if Cosatu has not raised reservations and expressed strong opposition to that model in the interests of workers. This is another area where the presentation of the NDP by the document as a "blue print of government, business and society as collaborative partners..." is exposed to be fudging differences and disagreements.

It is important to note that in class terms capital is clearly identi-

fied in that framing – ie in the quoted assertion from the document. But labour is not identified – instead we have “society” which in class terms includes labour. But does society not include capital (“business) is clearly identified in the formulation? This brings up the question: what is the class content of the document?

Clearly, the document reflects a paradigm that is down-grading the ANC’s Strategy and Tactics document’s principle that the ANC is biased towards the working class, including the poor. Perhaps this is a reflection of the character of the ideological approach and capacity of government officials? Where, for example, are the views of the working class on economic conditions and change in the document?

It is important to underline that the ideas being put forward in the document and those asserted in the NDP about the labour market are mainstream economics ideas of the bourgeoisie. They are not the ideas of the working class towards which the ANC is supposedly biased. That is why Cosatu, supported by the SACP, strongly opposes those ideas. The principle that the ANC is biased towards the working class cannot be a sentimental issue backed by nothing. The views of the working class on what must be done must be heard in economic policy documents. Action in asserting those views cannot also be found wanting.

**Cde Mapaila is the SACP’s 2nd Deputy General Secretary**

ANC NGC

# Some notes on the economic transformation document

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It aims more at framing or muzzling debate than at encouraging reasoned decision-making, and offers special pleadings rather than strategies, writes **Neva Makgetla**

## Framing

**T**he aim of the NGC is to review progress and refine mandates for the ANC and the state. The Economic Transformation Document instead clearly includes sections from different authors (predominantly government officials) lobbying for support for

- Specific legal or regulatory changes; and/or
- More resources from the state, either directly or through increased local procurement, and pressure on the private sector to fund their initiatives.

The document provides these proposals in a highly technical form, with little discussion of their justification and virtually no presentation of counter-arguments and risks. In consequence, it is confusing and disempowering for anyone who is not working on the issues on a daily basis. It seems likely to suppress discussion in branches and could undermine reasoned policy and budget decisions.

Furthermore, throughout the economics section, equality and employment are essentially delinked and often equated only with achieving more representative ownership. The section on inequality

comes at the end of the economics section (on page 81), rather than framing the discussion.

The section on inequality contends that the only way the state addresses inequality is through the provision of services, social grants and ensuring equitable access to economic opportunity. By extension, the state cannot or should not seek to transform the economy to generate more opportunities, for instance through support for diversification and agrarian reform.

A subsequent section on the “labour market” – notably not “jobs” or “employment” – is evidently an afterthought that does not inform the rest of the chapter at all. This approach contradicts the explicit priority given to job creation as guide for economic policy in both the 2014 Elections Manifesto and Mangaung Conference resolutions

Finally, since the document focuses on how to shape government economic policy, rather than ANC strategies, it does not discuss how to mobilise communities and working people to engage with the economy, for instance through:

- The Community Work Programme (CWP);
- Marketing, service, financial and producer co-ops;
- Support for township economies and the social economy;
- Improved market access for home-based production of goods and services;
- Land reform and township gardens and food markets; and
- Improving basic education for economic engagement, as well as broadening access to productive skills especially for people who do not have matric.

A document designed to obtain a broad policy mandate from the ANC as the governing party, should both empower members and enable them to identify and help resolve key debates. It would start by providing more information on current trends in employment, equal-



ity, economic growth and investment in an accessible form. In that context it would describe key debates, providing a fair overview of different perspectives within the movement.

Critical issues include the end of the commodity boom, which has seen the international prices of four of South Africa's top five products (iron ore, coal, gold and platinum) fall in dollar terms (the fifth commodity is auto). As a result, South Africa's export earnings in dollars have fallen, with substantial economic consequences.

For the ruling party, some implications are:

- Constraints imposed on the ability to get business to pay for desirable initiatives (such as local procurement, R&D and improved infrastructure);
- Tax revenues have fallen as mining company profits have declined, making counter-cyclical strategies more difficult and dependent on other strategies such as local procurement, using the UIF/compensation fund surplus, off-budget infrastructure financing and monetary policy; and
- Government delays, high user fees and poorly aligned policies – which business tolerated during the commodity boom – will cause more severe damage now, raising the risk of disinvestment and job losses.

In this context, it is more important than before the commodity price crash to develop a strategy on managing capital to achieve adequate investment, job creation, and reduced inequality. Furthermore, the persistence of profound inequalities and joblessness more than two decades after the transition to democracy has led to a call for more vigorous efforts to transform the economy, but very little agreement on what exactly should be done.

An effective strategy on business can be driven neither by anger around persistent inequalities nor by a push to give business what-

ever it demands. Rather, it should start with an analysis and debate about why the economy needs private capital, and in which kinds of economic activity. There needs to be a broader understanding of what the advantages and the disadvantages of private ownership are in some areas, and what the alternatives are. They include state ownership, co-ops, worker and community trusts, small and micro enterprise, etc. Only an understanding of the costs and benefits of private initiatives, as well as the prospects for restructuring it, can lay the basis for a more consistent and effective state strategy.

Where private business cannot be replaced, efforts to transform the economy must avoid placing excessive burdens on enterprises. That would lead to disinvestment. By extension, government has to avoid measures that impose substantial costs on companies to attain ends that are not national priorities. That in turn requires greater clarity about goals for the economy, including not only job creation, equality in pay, but also environmental protection, educational aims, rural development and representivity in ownership and management.

Where alternatives to private business are possible, the question becomes how they can be supported and encouraged. Typically new forms of ownership and control require new kinds of market institutions, training and funding. For instance, land reform without access to marketing co-ops or agencies often fails to increase incomes substantially.

The document entirely neglects the need to overcome the legacy of the apartheid workplace, key factor behind workplace conflict and inequalities in pay. The apartheid workplace is characterised by a lack of career mobility, skilling and seniority pay for ordinary workers; unaccountable management and supervision, which leads to arbitrary and sometimes discriminatory decisions on hiring, promotions and work organisation; unfair inequalities in pay and facilities; and racial

and gender abuse for many workers.

The persistence of these practices helped fuel major strikes in major industries, notably mining and metals, in recent years, causing substantial damage to employers, workers and the economy as a whole.

Finally, the NGC should have space to discuss how collective action can be used to improve the agency in the economy of working people and the unemployed. This is a central challenge for a people's movement: it should not simply be displaced by the (undoubtedly important) discussion of the role of the state.

Collective action in the economy requires innovative forms of state support that are not focused on “delivery” but rather on empowerment and collective action. An example is the CWP, which aimed to enable communities to allocate a resource – a number of jobs – as they needed. The main challenges it faced were:

- The need to establish new institutions, in this case at community level, to facilitate collective, inclusive but effective decision-making;
- Resistance from government officials, who saw the programme as undermining their power and competing for funds with their own initiatives; and
- Obtaining state resources on a large enough scale to make a difference, since the budget process currently discourages funding for large-scale, innovative programmes because they have a limited track record and are inherently risky.

An effective strategy to transform the economy requires both improved government policies and implementation, and support for collective action – by workers, by community members, by young people and other groups. In particular:

- Given profound inequalities left by apartheid, the state must

ensure access to resources for the poor and consistent institutional and technical support for sectors that can create opportunities on a mass scale; but

- The Alliance also needs to build solidarity and agency for our members and our people. We need to go beyond top-down measures to improve living conditions and finance a few new enterprises. We need to ask, more fundamentally: how do we empower the disempowered in making decisions about the use of resources and economic opportunities?

### **Specific issues**

The sectors covered in the discussion document appear to reflect who provided inputs rather than an understanding of the main jobs drivers in South Africa.

- There is no discussion of the financial sector (the fastest growing major industry) or financialisation, cultural industries, other value-adding services (health, education, software production) or construction;
- There is a section on real estate, which is not linked to the section on land reform and appears to reflect an input from individuals in the property industry who would like stronger BEE; and
- There are separate reports on oil and gas – one in the mining section and another under infrastructure.

The document refers to a “huge budget deficit”. Actually, this is precisely an issue where a reasoned discussion is required, rather than slipping in a contested standpoint in passing. The deficit is not huge by international standards, although it is high. The challenge is to develop a strategy to ensure a counter-cyclical approach despite limited fiscal space.

A question at the end of the economic section reinforces what appears to be an effort to stifle debate on this topic, rather than resolving it. It appears on page 83 and reads: “What are the risks associated with rising government debt? Is it important to take steps to reduce government debt, even if this means controlling spending (including on public servant wages) and raising some taxes?”

Earlier, on pages 60-61, there is a summary of strategy that provides an important framework on economic interventions, but is very weak on transforming the economy to serve our people. Its only reference to issues of equality, inclusion and job creation is to broad-based BEE. Measures to support equality and job creation require a much more in-depth and thought-provoking treatment.

The discussion questions at the end frequently seem designed to nudge the debate in particular directions, rather than stimulating open discussion. More fundamentally, they do not reflect key challenges, specifically:

- How to mobilise communities and working people to take advantage of economic opportunities? How can the state support this?
- What is likely to be the impact of the crashing commodity prices and how to respond better?
- How should the state manage different kinds of business to ensure an appropriate trade-off between growth and economic transformation?

The section on manufacturing, beginning on page 62, should be set off by a heading like other sectors. Although it argues, on page 62, that there should be “An incisive and frank analysis of causes of the constant de-industrialisation and lacklustre progress on beneficiation and localisation is essential” it does not in fact point to the core debates. Instead, it provides a fairly narrow analysis that does not sug-

gest how current policies could be strengthened.

The section on agriculture, from page 65, is entirely delinked from land reform and does not deal with the importance of rolling out village marketing co-ops or marketing agencies to support new producers. Instead, it focuses on using the law to require private companies and the state to procure from small producers, ignoring both:

- The cost of finding smallholder suppliers for the state and the private sector, which in turn can make it harder to provide services and maintain investment; and
- Alternative strategies such as setting up local food markets, which can improve food security while benefiting sellers, especially in rural areas.

From page 66, the section on land reform typifies the legalistic approach that has arguably prevented this project from achieving an improvement in rural livelihoods on a mass scale.

The key issue for the ANC is to identify the core strategic decisions required to ensure that more rural people are able to gain a livelihood from the land. More than 30% of South Africans live in rural areas, but only 10% gets a living from the land – the highest gap between rural residence and agricultural employment in the world.

Addressing this central apartheid legacy must involve mobilisation and empowerment of working people through institutions such as marketing co-ops and the CWP. The last paragraph in the section, on page 67, explicitly acknowledges this need, but provides no ideas on how to achieve it. In any case, the Department of Rural Development and Land Reform does not have the capacity for this kind of institutional engagement. It would be interesting to provide a review of provincial and local initiatives.

The section on mining, from page 67, does not even mention the end of the commodity boom and the electricity shortfall, which have

qualitatively changed conditions in the industry in the past two years. This new situation requires re-interrogation of proposals on mining since the global headwinds mean they could lead to the closure of mines or withdrawal of investment.

Furthermore, the section does not discuss the challenges of providing infrastructure for the mines, which represents both a constraint on growth and also a major risk. Major new projects (for instance rail for iron ore exports and electricity for refineries) may no longer be self-sustaining given lower international prices for outputs.

Instead of seeking mandates on this kind of substantive issue, the document focuses on getting approval for a range of changes in the Mineral and Petroleum Resources Development Act. There is no discussion of other instruments such as the Charter and the up-coming Mining Phakisa. The risk of this approach is that the ANC ends up supporting rigid proposals that prove to be flawed in the detail, rather than focusing on resolving strategic issues.

Similarly, the sub-section on setting up a commodity exchange requires considerable technical expertise from participants. The document does not provide a sufficiently balanced presentation to permit a reasoned decision.

Finally, the section ignores the challenges around the recent major strikes in platinum and the decline in gold. There should be some discussion of, on the one hand, how to improve human settlements around new mines especially in the North West, Limpopo and Mpumalanga; and on the other, how to manage the impact of the closure of mines especially in the Free State, which has seen stagnation in both employment and growth, largely as a consequence of the decline in gold mining.

The section on technology from page 71 does not frame the section in terms of how to ensure that technology is diffused to poor house-

holds and small enterprises, which is critical for inclusive growth. Rather, it centres on lobbying for more resources for high-level, centralised R&D. For instance, it argues on page 72 that “South Africa needs to build new centres of excellence in RDI and enhance existing ones with the objective of producing original and potentially ground-breaking research and facilitating a growing community of scientists, engineers, technologists and industry experts, contributing to our Economic Transformation goals.”

For inclusive growth, it is also important to ask how households and SMMEs can access technologies that may be technically available, such as solar heating and ICT, but that they cannot afford or have the skills to use.

The section on SMMEs and co-ops from page 73 seems centred on lobbying for more state resources (including through procurement), rather than empowering individuals and collectives. There is virtually no mention of the need to improve access for poor people, as individuals and groups, to assets, skills and market institutions. In this context, there is no link to land reform, township economy strategies or industrial policy, which are critical ways to encourage smaller enterprises.

The section on electricity on pages 75-76 provides no acknowledgement or explanation of the real economic challenges arising from the shortfall in generation, much less a discussion of the key decisions required to deal with them. In particular, it would help to get a broad political mandate on managing the costs – should South Africa aim for full-cost retrieval from consumers, or include some state subsidies? What would be the implications of this choice for households, industries and other state services? Can more be done to improve Eskom’s efficiency?

The section on municipal electricity supply provides a good analy-



sis, but doesn't point to any options for solution.

The section on transport from page 76 does not reflect on the implications of the end of the commodity boom. Some of the freight rail initiatives may no longer be self financing. Furthermore, the section proposes fast-tracking the introduction of regulators without discussing any of the drawbacks. Experience suggests that regulators are often a very inefficient way to take forward national policies.

**Cde Makgetla is a socialist economist linked to the Tripartite Alliance, a previous Head of Research in Cosatu and government official, and is now a Senior Researcher at Trade and Industrial Policy Studies.**

ANC NGC

# Some thoughts on the economic transformation discussion document

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**Mcebisi Jonas** analyses the ANC's National General Council (NGC) discussion document on economic transformation – and concludes it is not concrete enough and there are too many silences

**W**e have a great richness of ideas and propositions in our economic transformation strategy. But is it a credible and consistent platform for engagement with our social partners and stakeholders? Do we have clear and practical guidance for organs of state and officials on what is to be done?

The Discussion Document draws on several strands of analysis and past resolutions, and presents a wide array of policy measures currently in place and being put in place to transform the economy for inclusive growth. There are elements here on which to build.

But perhaps it is time for a more coherent and focused message to the electorate and the public on the economic challenges we face and the policy framework within which we will confront these challenges.

We have to acknowledge that our economic growth momentum has stalled and a new confidence has to be built between economic stakeholders and partners.

We need an economic restructuring package that will restore impetus to investment and economic development, taking into account

the unfavourable dynamics that currently hold back progress.

These unfavourable dynamics include:

- A depressed global economic outlook which has led to lower commodities' demand and prices;
- The likelihood of rising global interest rates for the period ahead (led by the US);
- The risk of capital flight from SA, causing Rand depreciation, economic contraction and inflationary pressures;
- Constrained electricity supply, rising prices and interruptions, reducing SA's economic growth;
- Reduced tax revenues requiring further fiscal consolidation (and limiting possibilities for state-led industrialization);
- Deteriorating performance and vulnerable balance sheets of several key state-owned companies (SOCs), again limiting the scope for our state-led infrastructure programme;
- Declining levels of private sector investment in the tradable productive sectors (mining, manufacturing, agriculture and tourism);
- A large and growing gap between labour demand and supply; and
- The rise of populist forces agitating to mobilize our traditional constituencies – the working class and the poor – against us.

The interplay and combination of these dynamics presents a formidable economic policy challenge. We need to be clear about those aspects of policy in which continuity and renewed implementation vigour are needed, and those aspects that require change and new priorities. We need a new policy consensus that will serve as a foundation of rising confidence and trust.

## **Strengths and weaknesses of the NGC document**

While the Economic Transformation paper understates the trouble the economy is in – both external factors beyond our control and policy or implementation failings of our own – it has several strengths in pointing to the following issues:

### **Structural weaknesses**

The current poor performance of the SA economy is partly due to prolonged global economic stagnation, and this is compounded by our own internal structural weaknesses. The paper correctly identifies SA's core structural weakness as its position in the international division of labour as a “producer and exporter of primary commodities, and importer of value-added manufactured products”.

During the commodity boom period, this structural weakness was masked – though mining sector real growth was muted, the economy and the fiscus benefited from higher prices, profits and taxes. And while the period saw growth in financial services, rising government spending, and increased investment in infrastructure, industrial competitiveness lagged behind.

### **Rethinking interaction of public and private sectors**

The paper correctly states that at the centre of our internal structural weaknesses is the absence of a “synergistic and mutually reinforcing relationship between the public and private sectors”.

The document is again certainly correct in pointing to the need for a re-think on the role of the state in the economy, and for the need to “craft a balance between the contributions of the public and private sectors in rolling out the economic transformation agenda”.

Again, the paper is on point in suggesting that the priority is to identify and remove obstacles to increased levels of private sector

investment. Unfortunately, the paper does not articulate what these main obstacles are, how they could be removed, and what the respective roles are of the private and public sectors in achieving this.

In other words, the paper fails to craft a simple yet effective package aimed at removing obstacles to productive investment; and does not outline how sufficient consensus could be built around such a restructuring package. Importantly, little is said on how to ensure the necessary authority prevails to effectively action the package.

Moreover, the paper omits any discussion on how to create a more patriotic bourgeoisie. The past two decades have seen capital become increasingly internationalized and financialised, with consequent disinvestment from the SA economy in general and the productive tradable sectors in particular. While this is not a uniquely South African phenomenon, the scale and impact on the national economy has been devastating. Reversing this will require new kinds of relationships and attitudes among and between the state, capital and labour, and innovative instruments to enable this.

### **We need to improve domestic competitiveness**

The paper argues that there is a need for SA to “improve the competitiveness of the domestic environment through, for example, moderating administered price increases such as reducing port and freight subsidies for commodity exporters, and managing the volatility of the rand”.

There are many aspects to competitiveness – progress has been made, for example, in the automotive production development programme and in support for clothing and textiles. But these are examples that illustrate the importance of engagement with global value chains and the immense technological power and market linkages of connected international production and trade networks.

### **Intra-Africa trade is low**

Intra-Africa trade is dismally low (around 10 per cent of African trade). The paper rightly emphasises the need for a strategic framework and implementation plan to enhance intra-Africa trade.

But the elements of such a framework and our economic diplomacy agenda is not spelt out.

### **Patronage continues to affect economic performance**

The paper acknowledges that patronage arrangements can affect the stability and management capacity of state institutions to deliver, and correctly identifies governance challenges in SOCs that require attention.

### **Ipap is not being effectively implemented**

The paper correctly points out that the Ipap has “not gained traction across the relevant implementing agencies/departments”.

But more needs to be said about why this is the case and what must be done to correct it, and what kinds of partnership with business organisations, industry players, research and technology institutions and other stakeholders might contribute to better outcomes.

### **There is a lack of consensus within the Alliance on our economic programme**

The paper also correctly suggests that there is currently an “apparent lack of consensus on the economic development programme within the Alliance”, although again it doesn’t go into any detail as to why this is the case and what can be done to build such consensus.

### **Missing elements of an economic transformation strategy**

While the discussion document goes into considerable detail on many

proposals, it is silent on several important policy issues.

### **The economic deterioration since Mangaung is understated**

The deterioration of South Africa's economic position over the past few years is not sufficiently highlighted, nor the structural and regional shifts in economic activity that are underway. So, for example, there is no mention of our dependence on financial capital inflows and our vulnerability to currency depreciation and consequent macro-economic contractions.

The risk is that this leads to a lack of appreciation of the depth of the current crisis, the deterioration of our economic position since 2012, and associated risks (fiscal and otherwise) that this brings.

### **Progress on policy implementation has been uneven**

The document does not systematically evaluate the implementation of the Mangaung Resolutions.

Our sense is that there has been more progress (at least at the level of policy development) on distributional policies (land reform and BEE) than other economic policy areas.

And where there has been evident weak policy implementation, the reasons for this are not crisply defined with clear remedial actions. The picture that is presented is that we have a myriad of economic policies and plans, the effectiveness of which depends on the subjective will of the state to implement or not to implement.

This is worrying and suggests a major rethink on the need for centralized co-ordination and authority.

### **Actions required to address economic constraints are not complete and well defined**

While the document identifies a number of economic constraints and

measures to increase productive investment, there are significant gaps:

- There is no attempt to prioritize or sequence constraint removal;
- The crucial skills constraints and their links to enterprise development and competitiveness are not mentioned (though these issues are partially covered in a separate NGC discussion document);
- There is no mention of the financial sector and the role of DFIs. To date, financial sector reform has focused on BBBEE, consumer protection and financial stability, rather than financial sector restructuring to improve the flow of scarce savings to the productive sectors;
- The contribution of the services sectors is underplayed, in employment, value addition and as exporting sectors;
- There is little discussion of the crucial issues of policy incoherence and unintended consequences of overlapping or dysfunctional regulations;
- The issues of labour relations volatility (strikes etc) and collective bargaining efficacy are not discussed;
- And as previously mentioned, although the document notes the lack of consensus on economic matters, there is no discussion of the causes, consequences and solutions to this issue.

### **Spatial economic issues not considered**

The document is quiet on critical spatial economic issues and sub-national aspects of economic development. At a minimum, the document should draw attention to:

- The role that metros can play in driving SA's growth and development agenda;
- The economic corridors that are planned in the National In-



frastructure Plan;

- The land administration bottlenecks in the former bantustans (although this is discussed in the rural development discussion document);
- Policy measures that are being and need to be put in place to build regional competitiveness in lagging regions (especially those with obvious economic development potential), and how public and private investment can be leveraged accordingly; and
- What measures can be put in place to enhance productivity and competitiveness of firms and enterprises located in marginalised/lagging regions.

### **Conclusion - the case for an economic intervention package**

In conclusion, the discussion document contains many interesting proposals, but fails to make a sufficiently strong case for urgent action. What is required to halt further economic decline and ward off looming macroeconomic risks is an economic intervention package that will take the form of a simpler, sharper and centrally driven plan championed by the President.

This intervention plan should be crafted around the President's nine-point economic plan based on the following strategic objectives.

- The need to resolve the energy challenge;
- Enhancing the agriculture value chain;
- Adding value and strengthening linkages associated with mineral resources;
- Effective implementation of higher-impact Ipap;
- Encouraging private sector investment;
- Moderating workplace conflict;
- Unlocking the potential of SMMEs, cooperative and town-

ship enterprises;

- Reform of SOCs and rollout of broadband, strengthening investment in water, sanitation and transport infrastructure; and
- Building on the opportunities of the oceans economy.

But while this plan may be correct at the level of the nine strategic objectives, the actions and instruments that have been developed to achieve these are not working effectively. This speaks both to the appropriateness of the instruments as well as implementation capacity.

What is required is intensive joint problem solving and execution planning, involving key state role-players, financiers, industry players and trade unions. Such an economic intervention package will then form the basis for future fiscal planning and resource allocation.

**Cde Jonas is an SACP member and Deputy Minister of Finance.  
These are his personal views**

## SACP CENTRAL COMMITTEE POLITICAL REPORT

# Taking responsibility for the revolution

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Unite our movement for radical economic transformation  
and to defeat all regressive tendencies

**T**his is our first Central Committee since the holding of two different, but similarly successful, national events, the special national congresses of the SACP and our ally Cosatu. It is therefore important that we use this political discussion to reflect on these two important events. However, since the conclusion of these events, the global and domestic economic situations have worsened, including the very real possibility of a domestic economic recession.

### **Urgent, focused attention on the economy**

We are meeting in this CC in the context of an economy faced with the prospects of a severe job-loss bloodbath, especially in the mining and steel industries. This would certainly have a huge negative impact on the rest of the economy.

It is very important that we contextualise the immediate economic challenge facing our country, in order to properly understand the tasks confronting us. The global capitalist crisis inaugurated by the 2008 financial meltdown in the US and its (economic and ideological) crisis has actually never been resolved. Much as that crisis shattered the then Washington consensus, to which capitalism itself

has never found an alternative. That crisis had somehow been partly shielded by Chinese export-led growth, which absorbed enormous amounts of the world's mineral resources, especially between 2009 and 2012. Our own South African economy benefitted enormously from its exports of its mineral resources to China. Soon thereafter China shifted its economic strategy from being a mineral resource-absorbing, export-led growth country and to focusing on a domestic, public investment strategy to develop China's own internal economic productive and consumer market bases.

According to Cde Ebrahim Patel, the current economic storms largely originate from outside the country, in the commodity markets of Asia and Europe but principally from the slowdown of China's extraordinary growth, and with it, the demand for minerals, steel and oil.

This has seen the prices of our major mining exports - iron-ore, coal, platinum and gold - fall by an average of 50% from 2011. In the last few years to June 2015, the international iron-ore price fell by 67%, coal prices fell by 54%, platinum by 39% and gold by 13%.

These four products employ 425 000 mineworkers, they account for one quarter of South Africa's exports and they have been thus far an important source of growth for South Africa.

Not surprisingly, as pointed out by Cde Patel, other economies with major mining industries are also dealing with serious challenges.

Some 20 000 mining jobs in the coming year are under threat in Australia, whose growth rate is also projected to decline; while the US mining sector lost 15 000 jobs in April, its 4th straight monthly loss and Canada lost 19 700 jobs in the resources sector.

Anglo American reported a \$3-billion loss, mainly due to its flagship iron ore project in Minas-Rio in Brazil, compared with a net income of \$1,5-billion a year ago.

This commodity storm is a major reason that two countries in Brics, Russia and Brazil, expect their economies to be in recession this year. It is also the main reason that the IMF last month downgraded growth projections for sub-Saharan Africa by almost a full percentage point.

The slowdown in Chinese demand has contributed to a glut of steel in global markets, leading to severe price and profitability pressures on the steel industry.

Six years since the current international capitalist economic crisis in 2008, most world economies have plummeted into a low growth path. From 2011 to 2014, growth levels in most countries were, on average, lower than the pre-crisis levels.

It is important to pay attention to the the Chinese economy: it is world's production workshop with a strong trade position and is also South Africa's single most important trading partner. Most South African exports to China are raw materials or unfinished products, while China's imports to South Africa are mostly finished products. The IMF statement released following bilateral discussions with China on 14 August underlines that Chinese growth last year fell to 7,4%. It was 7,7% in 2013. Chinese growth this year is forecast to slow down to 6,8% and to between 6 and 6,5% next year. The slowdown in China has been acutely reflected recently with trillions of dollars melting down in stock and financial markets. This has serious implications for the South African economy, especially the mining sector.

Due to the new challenges facing the Chinese economy, our minerals exports to that country have dried up, thus significantly affecting especially the mining and steel industry.

It is, however, important to point out that due to the semi-colonial mineral-exporting economic growth trajectory, which we examine in detail in our discussion document, 'Going to the root', our semi-

dependent insertion into the global capitalist economy has hardly changed. This semi-colonial trajectory, which we are now seeking to change through our Brics linkages, has historically benefitted the economies of the Western imperialist countries. Despite the alternatives we are seeking to build, the economic crisis in China is potentially undoing elements of our trajectory away from dependency on the Western imperialist countries – a challenge and contradiction we are currently facing along with other resource-dependent economies. This has huge implications for the South-South agenda we are seeking to build through Brics.

In addition, Europe, another of our major trading partners, has been lurching from one crisis to another and this has had its own negative impact on our exports to the region.

There are a number of strategic policy issues we need to deal with in this international economic context. Some of these have been discussed in detail in ‘Going to the root’. They include the question of revisiting our international trade policy from the high road liberalisation of the 1996 class project, which was too fast and too deep compared to the norms in the World Trade Organisation regime. It is also important, within the context of our Financial Sector Campaign, to vigorously push for capital controls and the overall transformation of the financial sector to achieve a new financial architecture. This means that, while we take forward our renewed call to Nedlac to convene the second financial sector summit, we must conduct extensive research and policy development work to inform the new financial architecture and structure we are calling for. We need to intensify the call and struggle for prescribed assets in the financial sector in order to raise the necessary resources to drive an alternative economic agenda. We have a further opportunity to discuss this matter during this CC.

We must also vigorously advance our strategic task of industrialisation in terms of our Alliance's shared perspective of the second, more radical phase of our democratic transition, the national democratic revolution. This is even more important with China's growth path being less resource-intensive than had been the case before.

There is a lesson we must draw from the Chinese experience. China has developed local production through industrialisation but is experiencing a slowdown because of, among other things, sliding changes in international trade patterns, which have a negative impact on its export-driven growth model. There are at least two important developments to note in this regard. China is presently focusing on economic upgrading to move up the global value chains to the top of high value added activities. It is also focusing on developing its internal market.

There are short-term issues that we need to consider, discuss and possibly pronounce upon as we move out of this CC.

- The mining sector has reacted to the current turmoil by announcing intentions to restructure its operations, including closures and retrenchments of thousands of workers. We need to urge government to be tougher with the mining sector and resist South Africa being its major focus of global retrenchments. Government needs to clearly signal that the award and renewal of mining licenses must be tied to saving jobs in the current period, as well as appropriate pricing for local beneficiation, including supplying Eskom.
- The steel sector has joined the mining sector in this looming jobs bloodbath. The sector has also announced intentions to retrench thousands of workers. Government needs to put pressure on the steel industry so that any incentives to save the steel production value chain must be linked to saving jobs, as well as

moving away from import parity pricing for local beneficiation.

- We need to call for sustained, if not increased investment in government-led investment in infrastructure, as well as significantly improved state capacity to drive such investments.
- We need to call for significant and increased focus on creating learnership opportunities for youth, including significantly expanding the national youth service as a national emergency through, amongst others, hugely up scaled public employment programmes, as well as learnerships and internships in all state departments, agencies and state-owned enterprises, including government led training lay-off schemes.
- We require a comprehensive economic strategy and priorities to leverage more from our Brics countries, including the strategic use of the New Development Bank.

Meanwhile, it is important to note that during resource booms, mining capital appropriates the benefits alone, including resource rents – which actually belong to our people as a whole – and therefore it makes a killing in super profits. Both the mining and steel sectors charge import parity prices on our own local products. Sasol has also been doing the same, as have other sectors. This has the overall effect of stifling downstream activity, especially the development of manufacturing and beneficiation.

We have in the past discussed strategies on how to deal with some of these issues. It is important that we push forward with policy changes and implementation, including the elimination of import parity prices and a windfall tax of super profits as the starting point to take rightful control of our resource rents.

All of these and other measures will require decisiveness in order to dynamise and re-energise our economy according to our key platforms of industrialization and job creation. We must also stop fudg-



ing the very serious management crises faced by some of our most strategic and key state-owned enterprises, and we must urgently and frankly engage the Alliance in this regard.

To achieve this we must pay particular attention to the capacity of our own movement to drive such an economic transformation programme. Given that this is the first CC after the SACP and Cosatu special congresses, it is important to start with an assessment of them, against the background of the need to build the capacity of the motive forces to drive economic transformation.

### **Evaluating the 2015 SACP and Cosatu SNCs**

Starting with the Cosatu Special National Congress (SNC): one of the most important lessons to be learnt from the actual convening of the SNC is that over time there has been a serious weakening of worker control and accountability of leaderships to the workers across all the Cosatu affiliates, and within the federation itself. The improved organisational efficiency in Cosatu and its affiliates since the 1994 democratic breakthrough has also had its unintended consequences, including that of the bureaucratisation of the trade union movement. This had also led to the creation of a distance between leaders and members and erosion of worker leadership.

The rebuilding of Cosatu affiliates is going to be important, especially for (re)elevating the issue of worker control and leadership accountability, with a renewed focus on organisation and shop-steward education and development. There is a need to refocus on the political and policy education of shop stewards as crucial components of worker education moving forward.

We must admit that Cosatu went to its SNC being on the defensive, as a result of a massive attack by Numsa, Zwelinzima Vavi and from some of its 'renegade' affiliates. The backing of Numsa strength-

ened this offensive and these forces received support from most of the bourgeois media, including significant news outlets of the public broadcaster. The non-participation of some of the unions became an ideological weapon to project a divided Cosatu, as well as intensified attacks to delegitimise the current Cosatu leadership. The failure by its detractors to capture the SNC, and the defeat of their counter resolutions at the SNC was important in changing both the context and the balance of forces inside the federation. This has led to further tensions and divisions amongst these Cosatu detractors, and has created a hugely positive climate to rebuild the federation. It has forced these detractor unions to go back and seek a new mandate from their members, many of whose commitment is to the federation. The challenge is to grasp this moment, which also creates an even better climate to further consolidate the federation at its next Congress in November.

However, another important lesson coming out of the period leading up to the Cosatu SNC is the need for long and painstaking work to rebuild and strengthen the affiliates. Particular attention must also be paid to rebuilding and strengthening industrial unions inside Cosatu. This is absolutely essential as part of building the motive forces to achieve one of the principal objectives of driving a second, more radical phase of our transition, that of industrialization.

Intensive strategic discussions and organizational work need to be undertaken in Cosatu as part of strengthening it organizationally in the run up to its November Congress. It is important that we therefore convene the joint and high level political school between the SACP and Cosatu well before the November Congress.

### **The SACP SNC**

Our SNC demonstrated the extent to which the Party has significantly grown in size and numbers and that this is a positive and welcome

development. But the potential downside of this is that there is huge unevenness in terms of the political and policy development of our Party cadres. Unless we address this systematically and systemically, we will also degenerate into manifesting some of the tendencies that we see in the ANC today. The primary task of our organizational renewal must be that of significantly enhancing the political and policy development of SACP cadres. In doing this it is important that we develop solid policy collectives at all levels of our Party and support these with on-going political development. These must be SACP collectives that specialise and deepen their understanding in various policy areas, including governance. These policy collectives must become the core of our mass campaigning in the various sectors e.g., education, health, public employment programmes, land reform, the financial sector, etc.

The SACP SNC also showed the extent to which the SACP makes a wider public impact by raising key policy and political issues that are generally not adequately covered in the public domain. Whilst we must not exaggerate, we also must not underestimate the influence of the SACP on the ground and in the general sphere of the battle of ideas, although unevenly and often for different reasons, amongst the different class forces in society. Part of our organizational renewal must once more focus on further building our capacity for effective engagement in the battle of ideas. As part of this we need to raise important ideological and intellectual debates on a number of topics that are of public interest, including contesting the ideological space inhabited by, or of interest to, the middle classes.

### **Some of the immediate organizational challenges in the revolution**

It is important that this CC finalises the focus of our 2015 Red October Campaign, and to particularly ensure that the Financial Sector

Campaign, unlike in the past few years, takes off in earnest. Given our inability to adequately resuscitate this Campaign in recent times, it is suggested that it be our main campaign for this Red October and well into 2016. Our key demand must be that of the convening of the Second Financial Sector Summit by Nedlac – however, we may want to ensure that this summit is convened on the back of sustained popular mobilisation and other campaigning activities. We must also use this CC to reflect upon and approve our ‘Financialisation’ Document to be the main discussion and education document to empower our cadres for this campaign.

A second campaign that we must launch at the same time is for the transformation of the media. Before the end of September, we will be convening a two-day media transformation summit. Co-incidentally this summit comes at an opportune time when our own assertions about the dirty role played by most of the commercial media in the anti-majoritarian liberal offensive is being further exposed from inside the media itself. However the anchor of our summit will be media transformation as a whole, including change in ownership patterns and intensifying the struggle against media monopoly, with Naspers being our main target. This campaign must also seek to take forward the unfinished business of the ANC’s Media Charter of the early 1990s.

Perhaps one of the most important challenges facing our revolution and movement in the immediate period is that of the absolute necessity to roll back and defeat what is emerging as a hugely divisive offensive that wants to capture the ANC in the lead up to 2017. The strategy this time seems to be that of capturing the ANC long before 2017 and to turn our movement into an instrument of personal and class accumulation by a faction bent on weakening the unity of our movement and isolating the allies. This faction is using money to buy

conference delegates at all levels of our movement, the Leagues and Alliance, in pursuing its agenda. This faction is using gatekeeping at especially branch and regional levels, and deliberately seeks to undo our Alliance structures on the ground. Access to state power is now less about even the problematic notion of a wheelbarrow (service delivery) state, but largely about dispensing patronage to consolidate factionalist groupings, both in the ANC and government. This is reinforcing rather than reducing the politics of slates.

However, there are positive signs that there is already some significant resistance to these divisive manoeuvres from significant pockets of the ANC and Alliance partners in virtually all the provinces. The ANCWL and ANCYL congresses are being used as power brokers and storm troopers for this divisive tendency, instead of consolidating these organisations to organize important sectors in our revolution. It is time that we confront these divisive and factionalist elements right up to those in the NEC of the ANC and in all other structures of our movement. Much as these elements are based in the ANC, their divisive behaviour is causing tensions across all Alliance structures and indeed in all the structures of our movement.

It is important for the SACP to draw consistently from 'Going to the Root' to deepen our critique of capitalism as the foundation for growing inequality in our society. This must include the economic behaviour of monopoly capital in general, including divestment, the investment strike and retrenchments. On this score we must also be guided by our SNC Declaration to the effect that:

“We have agreed with the general theses advanced by our discussion documents that the present phase of our on-going national democratic revolution requires a principled anti-imperialist, anti-monopoly capital and anti-patriarchy struggle. This is the pre-condition to advance, deepen and defend our national sovereignty... An anti-

monopoly capital struggle is not an abstract slogan. It is about the struggle against the daily dispossession of homes by major banks, inflicted by cartels linking property developers, banking staff, and corrupt officials in magistrates' courts... The struggle against monopoly capital is also a struggle against the siphoning of billions of rands out of social grant payments by financial institutions, retail creditors and unscrupulous loan sharks. The struggle against monopoly capital is a struggle against illegal garnishee orders”.

In essence our campaign for the transformation of the financial sector must be a concrete anti-monopoly struggle and a foundation to critique the role of capitalism in the reproduction and widening of inequality in our country. The SACP must also use all of these to expose the commercial media for not speaking truth to capitalist economic power, while selectively only speaking (some) truth only to government, letting capitalist monopolies fleece our economy. We need to seek assistance from progressive think tanks, including the Chris Hani Institute (CHI), to assist us in doing research and analysis in this regard.

It is important that we continue a sustained critique of the anti-majoritarian agenda, now more stridently projecting our movement and government as inherently corrupt. This agenda is actually embodied within those institutions and power bases of the old apartheid ruling bloc that remain untransformed, especially the capitalist economic base of the apartheid regime and the media.

In addition, despite a positive emphasis by the ANC NGC documents on the national question, we have to face the reality that the DA has succeeded in mobilizing majorities in most non-“African” communities behind its banner, and this reality increasingly makes the ANC an organisation for Africans. This is a serious setback in the struggle to build a non-racial society, and even more disturbing is the

resurgence of especially anti-African racism in a number of instances. The SACP needs to direct the CHI and other progressive think tanks, to undertake on-going class analysis as well as focused analyses on the national and gender questions, as part of capacitating us and the movement as a whole to build a non-racial society.

Part of the anti-majoritarian offensive is captured (albeit in problematic language) in the ANC's discussion document on the balance of forces: "A worrying trend in the recent period has been the tendency for leaders of various sectors of society, especially in the political arena, to seek judicial resolution for matters that can be managed through other channels. These range from quarrels with a puppet and singing of songs, to legal challenges against constitutionally valid administrative actions by the Executive. On the other hand such 'lawfare' can suck up the judiciary into the maelstrom of day to day societal management and thus unnecessarily splutter it with mud. On the other, repeated attempts of this kind, into which huge resources (are) thrown, do suggest that some privileged sectors of society seek to undermine the popular electoral mandate."

It is unfortunate that the ANC seems unable to effectively and organizationally respond to many of these challenges. Our participation in the ANC NGC must also aim to contribute towards the capacity of the ANC to deal with these many challenges. There are two main reasons for the failure of the ANC on this front.

Firstly, as reflected in its 'Balance of Forces' document, it seems as if the language of the 1996 class project, that of seeing the ANC and government as a mediator 'above society', and simultaneously managing societal contradictions, is dominant. In fact the ANC is unable to act and strengthen its character as a people's movement operating both inside and outside the state. This is a development and weakness that has cost many liberation movements in power.

The second reason is that the ANC is unable to lead any mass campaigns and activism outside of election campaigns. In fact the younger cadres of the ANC who historically were its leading activists at crucial, historical moments, increasingly do not have any experience of mass activism. Instead, as is shown in the recent politics of the ANC Youth League and the progressive youth alliance as a whole, political activism is now being replaced by money politics and bingeing, something that is threatening to kill the militancy of the youth. Progressive youth militancy has in fact historically propelled our struggle to higher levels, from the ANCYL programme of 1949 to, inter alia, the 1976 student uprisings. But now our youth is faced with the danger of being domesticated and demobilized by the politics of money, tenders and patronage, a phenomenon taken to its highest level under Julius Malema's Youth League.

*The second part of the CC Political Report was the draft discussion document on "Financialisation", which will appear in the next issue of "African Communist".*



## SACP POSITION PAPER

# The media SA needs – and how to build it

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As part of the Red October Campaign, the SACP held a conference of journalists, media activists and Alliance representatives to win backing for a programme to transform the media. This is the position paper the SACP presented

**A**fter 21 years of democratic transition, South Africa is belatedly edging towards a fully digitised communications era. Without decisive and speedy intervention, this era threatens to be characterised by the same massive and fundamental inequality of access and participation of communications in the last 21 years – and, indeed, of the communications sector during much of the apartheid era.

Concentration of ownership and control of the means of intellectual production is, in fact, higher today than it was in dying days of apartheid. Existing policies and the manner of our digitisation is ensuring that this trend will accelerate.

In place of the choice of perspective envisioned in the 1991 ANC Media Charter giving all South Africans access to the range of ideas, information and interpretation necessary to enable them to make informed choices about their participation in society, the media today offers us but one choice of perspective – even if it does so in hundreds of different formats.

Reversing this trend, and liberating our media from the sole objec-

tive of profit maximisation, will take time and a concerted and sustained effort by all progressive forces in our society.

To launch this process, the South African Communist Party (SACP) has co-focused its Red October Campaign in 2015-2016 on transforming the media, under the slogan *Free the Media!* It has also gathered its own media activists and a range of individual media figures and representatives of independent media formations to convene a conference to discuss the detailed objectives and mechanisms of a process of transforming the media.

Our intention is that the conference and the Red October campaign will produce a concrete programme that will ultimately achieve the conditions necessary for a diverse, dynamic and vibrant media, collectively reflecting the full range of perspectives and views held by South Africans – and giving South Africans, for the first time, access to real intellectual and content choices. The idea is magnificently summarised by the words of China’s Mao Zedong: “Let a hundred flowers blossom, let a hundred schools of thought contend”.

This document reflects the SACP’s views on the current state of the media and on the way forward, as its contribution to the Media Transformation Conference.

It is significant that many of our positions are not new. They draw on the rich history of analysis and proposals our liberation movement, our democratic government and our country have produced in the last quarter-century on how best to create an enabling environment for a vibrant, dynamic media able fully to serve the people of our country. In developing our positions, the SACP has found and made use of several generations of documents largely forgotten or ignored by South Africa’s media and by its decision-makers – from the Media Charter, written in 1991, incorporated into the ANC’s first elections manifesto, Ready to Govern (and ignored thereafter); to the

report, released in March this year, of the Ministerial ICT Policy Review Panel under Cde Joe Mjwara – and in particular its useful and thoughtful findings and recommendations on broadcasting and regulation, which seem to have fallen through the cracks created by last year’s division of the Department of Communications into two.

We must learn from this history: it is not because of a lack of ideas on how to do it better that our media is in its current critical condition. It is because we, as a country and as a ruling alliance, have failed to turn those ideas into practical instruments of change. We have, instead, left it to the commercial market to decide what should be done and how – despite the overwhelming evidence that the market alone is simply not up to the task. To leave it to its own devices today, as we have done in the past, is to invite yet another market failure. More than 24 years ago, the Media Charter recognised this:

*“The ANC asserts that mere declarations of media freedoms on their own are not enough. These freedoms must be underpinned by an equitable distribution of media resources, development programmes and a deliberate effort to engender a culture of open debate. This requires policies of affirmative action to redress the inequalities in our society.”*

Finally, we must thank those who have contributed materially and with their time and effort to make this conference possible.

## **Overview**

The quality of content in South Africa’s media continues in sharp decline. There are many reasons for this – tighter and tighter concentration of ownership; deskilling and sustained staff-cutting to achieve short-term profit maximisation; an obsessive resistance to providing content targeting the mass market (South Africa’s poor and working class majority). Most can reasonably be described as ill-conceived management decisions that damage any prospects of sustainable op-

eration, thus perpetuating the media's content crisis – and its struggle to maintain the audience figures they need to sustain operations and satisfy the voracious appetites of their shareholders.

The approach adopted in the most substantial democratic-era intervention in the media – opening the broadcast frequencies to private operators – has ensured that, with few, exceptions, radio has done little more than replicate the hegemonic perspectives of traditional print platforms. Likewise with the explosion of web-based media – non-hegemonic voices remain on the periphery.

The consequence has been a unipolar media perspective and an increasingly inadequately informed South African public, forced to rely on rumour, gossip and social media, in response to increasingly unreliable information, analysis and interpretation from the formal media, both digital and traditional. The extent of this unreliability was graphically demonstrated in April this year when News24, publishers of nearly half the daily newspapers sold in South Africa and of the biggest “news” website, argued in the South Gauteng High Court that it could – and did – legitimately copy stories from rival media, without even a cursory check on the accuracy of the content. Our biggest publisher thus acknowledged that it routinely publishes material without knowing if it is true, partly true or complete fabrication.

At the same time, the steady reduction in the editorial resources behind print, radio and television stories, and those of their digital, web-based equivalents, has crudified media coverage of politics and economics in South Africa into a daily good guy-bad guy soap opera.

The unipolar perspective the media offers today is a far cry from the pre-1994 position adopted by our Alliance in the Media Charter:

*“The ANC believes that ... democracy in South Africa entails a movement from a closed society into one based on a free flow of information and a culture of open debate. At the core of democracy lies the recogni-*

*tion of the right of all citizens to take part in society's decision-making process. This requires that individuals are armed with the necessary information and have access to the contesting options they require to make informed choices. An ignorant society cannot be democratic."*

With this as a foundation, the SACP has identified two key focal points for the Media Transformation Conference, the Red October Campaign, and the broader initiative to transform our media:

- Diversifying the range of our media voices, through decisive action to break down the massive monopolies dominating information generation and distribution on all media platforms, and what the Media Charter refers to as "affirmative action" to achieve "equitable distribution of media resources, development programmes and a deliberate effort to engender a culture of open debate". This will add new media voices to the sector, able to report on the world from other perspectives than that currently offered by South Africa's largely homogeneous media; and
- Raising the standard of accuracy, reliability and credibility of the content offered by South Africa's media through a combination incentives and sanctions to motivate allocation of greater resources to the production and distribution of more reliable, accurate and credible information.

What is essential, however, is not the development of good ideas – South Africa has those in abundance, languishing in forgotten files in dusty offices. What is essential is that, as South Africans, we follow through, ensuring that we achieve a diverse, dynamic and sustainable media, able to "arm" South Africans with the "necessary information ... and the contesting options" they need to make informed choices.

### **Towards a diverse media**

The proposition that South Africa has overly-concentrated media ownership, and that this has negative economic and political consequences, is not simply an opinion of opponents of the current media arrangement in our country. The only transnational study of the extent and impact of media concentration, undertaken through the USA's Columbia Business School's Institute for Tele-Information, provides an empirical answer.

South Africa is one of the most concentrated media markets in the world according to the study into media concentration in 30 countries, including South Africa. The study is led by Professor of Finance and Economics, Eli Noam. His book on the subject has yet to be published, but in a presentation to the American Antitrust Institute in June 2012 he noted that the study covers a range of different media industries including content media (newspapers, magazines, books and audio-visual media), platform media (telecommunications and cable and satellite multi-channel platforms) and Internet media (ISPs, search engines and online news media).

Media concentration, he noted, is high in all the countries studied, and from very preliminary findings is associated with "less democracy and freedom, less effective regulation . . . (and) lower digital access". The study uses the Herfindahl-Hirschman Index (HHI) to measure the size of firms in relation to the industry to indicate the level of competition. This concept is widely used in competition law. Increases in the index indicate a decrease in competition and an increase in market power. According to Investopedia, the US Department of Justice considers a market with a score of less than 1 000 to be a competitive market. The closer the score is to 10 000 (the highest level on the index), the less competitive it is.

The presentation given by Noam at the 2012 conference indicates

that all countries studied had all media HHI scores of over 1 000. ***In 2008 / 2009 South Africa had the highest level of concentration when considering all media*** (i.e. content, platforms and internet), with the highest global score of more than 6 000. It is followed by Egypt as the next highest concentrated media market (in <sup>2004</sup>/<sub>2005</sub> Egypt had a higher index than South Africa but the positions were reversed by <sup>2008</sup>/<sub>2009</sub>).

***Judged purely by content production sectors, South Africa ranks third highest concentrated media market*** (following China and Egypt).

Noam also noted that the study checked these figures by assessing not only the HHI scores of countries, but by counting “the voices”. A company with more than 1% of its media market is defined as “a voice” – and even if the company cross owns media outlets in several media industries it is still counted as one voice. Even though it fairs slightly better in terms of this analysis, South Africa is still one of the top ten countries with the lowest number of voices (with the sixth lowest number of voices).

Noam’s conclusions are difficult to fault: South Africa’s levels of media concentration clearly have a negative effect on “democracy and freedom ... effective regulation (and) ... digital access”.

As the Media Charter recognised in 1991, South Africa needs a greater variety of media voices, rather than attempting to compel the existing “voices” to reflect the diversity of South African opinion.

Of arguably more immediate concern is the presence of Naspers as super-monopoly in South Africa’s media sector, with its roots reaching back more than a century, into the heart of the organisation that gave birth to apartheid, the Afrikaner Broederbond.

More than two decades after the 1994 democratic breakthrough, Naspers continues to control nearly half the daily newspapers sold to

South Africans; two thirds of the weekly newspapers and magazines read by South Africans; the country's biggest internet service provider and information websites; more than 99% of pay-television programming watched by South Africans; and (if legal documents currently before the Competition Tribunal are accurate) has effectively assumed control of our country's public broadcaster, the SABC.

And it has achieved this not by the excellence of its content, but as a consequence of the massive advantage given to it under apartheid, and of post-1994 policy and regulatory decisions.

More broadly, all the daily newspapers read in South Africa, well over 90% of the weekly papers and more than three quarters of the magazines and websites are owned and controlled by four media houses, two of which have significant overlaps into control of the radio stations available to South Africans.

This is unhealthy. But, for a society still trying to reconstruct itself as an equitable participatory democracy, the implications of a circumstance in which the content of the print media (digital and hard copy), audio services (traditional broadcast and web-based) and video services (ditto) is generated in environments geared towards, and rewarding, profit-maximisation rather than quality and excellence, are of serious concern.

Two distinct initiatives are necessary to address this circumstance (significantly more extreme today than in 1994), both used fairly commonly throughout the world to address media sector and economic distortions: **de-monopolisation** and **diversification**.

### **De-monopolisation**

South Africa has two groupings of statutes and common-law precedent to prevent the development of economic monopolies generally, and to ensure diversity among licensed (mainly broadcasting)



operators – a sufficient arsenal, at least in theory, to keep monopolies at bay. The first is overseen by the Competition Commission and the Competition Tribunal; the second by the Independent Communications Authority of South Africa (Icasa).

While there is compelling circumstantial evidence of some level “corporate capture” in both forums, the impact of Noam’s “less effective regulation” in monopoly media ownership conditions is most striking in Icasas.

In 2005, Icasas adopted a policy on satellite television broadcasting in terms of which statutory cross-media ownership restrictions did not apply to satellite-TV broadcasters. Cross-media ownership restrictions exist precisely to prevent excessive influence in two traditional media sectors (print and radio, print and TV, TV and radio) of an individual “voice”. The logic is both political and economic, and until recently was rigorously enforced with respect to non-satellite-based operations. The result has been the explosive growth of MultiChoice, Naspers’ pay-TV subsidiary.

Icasas’ decision has allowed a media house launched by the Broerbond – and which was the only media house to refuse to appear before the Truth and Reconciliation Commission – to dominate both traditional print and television sectors of South Africa’s media. More recently it has expanded its dominance to encompass the South African internet market (while at the same time arguing in court it had no obligation to verify the accuracy of its platform’s content).

Perhaps by coincidence, the policy instrument was signed for Icasas by a man who left the Icasas council a month later and, two years later, joined the board of MultiChoice.

What we seek at the Media Transformation Conference are common commitments to:

- Reverse the Icasas policy on cross-media ownership, if nec-

essary by amendment to its governing statutes, to enforce the break-up of the Naspers colossus – in much the same way as the US government forced the break-up of the telephony conglomerate, Bell;

- Prohibit simultaneous ownership of satellite and terrestrial television operations – either completely, or with a cap on audience share on one or both sectors;
- Expand the cross-media restrictions to recognise the role and influence of web-based, digital media;
- A more rigorous public oversight on Icasa.

These are the minimum actions the SACP believes are necessary to address the current ownership concentrations of ownership in South Africa’s media.

With respect to all media, the SACP recognises the Media Charter provides direction: “Ownership of media resources, production facilities and distribution outlets shall be subject to anti-monopoly, anti-trust and merger legislation.”

We believe the Media Transformation Conference should appoint a task team to review existing “anti-monopoly, anti-trust and merger legislation” and to develop proposals for submission to the government for such amendments to legislation as are necessary to ensure diversity of perspectives envisaged by the Media Charter are achieved, with its report to be submitted before the end of 2015.

### **Diversification objectives and mechanisms**

The SACP’s approach to diversifying South Africa’s media recognises that diversity of ownership is not an end in itself, but a means to an end – the ultimate objective being to ensure, in the words of the Media Charter, that all South Africans are “armed with the necessary information and have access to the contesting options they require to

make informed choices”, through provision of a diversity of perspectives – of a ***diversity of content***. We do not consider the occasional appearance of communist writers in the opinion sections of staunchly pro-capitalist media “diversity”. Rather the concept of diversification refers to the availability of media informed by a world view that differs from the hegemonic perspective in the current media – that recognises that the choice of stories that interest readers differs according to the class of the target audience, as does the angle taken in reporting events and processes.

Nor is the race of the reader (or the editorial decision-maker) of primary importance. Post-1994 “diversification” initiatives have tended to assume that shareholding by black South Africans will somehow translate into a growth in black audiences.

Yet there are concrete examples of individuals and trade union investment vehicles securing significant shareholding in media houses and having their nominated directors paying attention exclusively to the bottom line and dividend flow. Content has not shifted perspective to align with the communities on whose behalf the individuals and trade unions notionally secured the shares. South African media content very rarely addresses the issues and concerns of most South Africans, the majority of whom live in urban and rural townships and villages.

A similar position holds with editorial appointments of black people – three of South Africa’s four major business titles have, or have had, black editors. Whatever the personal impact, the titles have continued to serve a commercial and economic elite, often against the interests of the majority of working class and poor black South Africans.

Here it may be useful to point out despite the staggering growth of Zulu-language newspaper readership (and their web-based digital

content), the South African mainstream media retains a knee-jerk antagonism to publishing in languages other than English or Afrikaans (Independent Newspapers under its new owners is a partial exception). Readership of their newspapers is thus in depressingly consistent decline.

To be “armed with the necessary information and have access to the contesting options they require to make informed choices” means, for most South Africans, having access to media in their mother-tongue.

Diversity thus includes dramatically expanding the language base of our media.

The SACP’s approach also recognises that current forms of media ownership contribute to the concentration of ownership and thus to the lack of diversity.

While all existing print titles are owned and controlled through conventional corporate mechanisms, our broadcasting system entrenches commercial, profit-maximising forms of ownership by setting up three tiers of ownership:

- Public (the SABC),
- Commercial (all privately-held regional or national radio and television licences), and
- Community (low frequency, small footprint, local stations, theoretically but seldom in practice controlled by the communities they serve).

In a country in which the vast majority of citizens do not possess the means to participate meaningfully in commercial ownership structures, and thus to exercise any influence on content, intended audience and so on, this has had the effect of turning privately held radio and television licenses into money-making ventures, rather than (as the Icasa Act requires) being regulated “in the public interest”.

The poor, working class and un- or underemployed majority in

South Africa is left in the margins, with some (often unsustainable) “community” services.

The SACP therefore holds the view that a major revamp of the broadcasting system is urgently required, with a collective ownership tier added to include co-operative ownership (by staff, by audiences and so on) – and an enforceable affirmative action policy introduced to bind Icasa to achieve a reasonable level of parity between commercial and collective ownership of the operations it licences.

More broadly, in the traditional print and emerging digital sectors – for both content production and distribution – the SACP takes the view that support for new entrants able to offer new perspectives not currently available to South African audiences is necessary, in the form referred to in the Media Charter, and specifically the commitment to its statement that “affirmative action will be implemented to provide financial, technical and other resources to those sectors of society deprived of such means”.

The Comtask (Task Group on Government Communications) in the late 1990s began work on this, followed up by a comprehensive report by the Government Communications and Information System (GCIS), both now forgotten and gathering dust.

The administration in office at the time took that view that such support would require a partnership with existing media operators, introducing a voluntary system, and establishing the Media Development and Diversity Agency (MDDA). In negotiations ahead of its establishment, media proprietors won the right to effectively veto any grants by the agency, and to have the commanding heights of the media (national and regional operations, and distributive operations) entirely excluded from its remit. While the agency battled gamely to support new and emerging media, it was restricted, in the words of a former executive manager, to “funding cottage industries”.

The SACP proposes that the Media Transformation Conference commits itself to working actively to have the MDDA transformed or entirely replaced by an independent agency (if necessary with the character of a Chapter 9 institution) with a clear and explicit mandate to achieve content diversity in all sectors of the South African media, including:

- Diversity of language
- Diversity of perspective and
- Diversity of forms of ownership.

It further proposes that the conference establishes a working group to review the MDDA Act, related statutes and proposals made prior to its founding regarding the diversification of South Africa's media, and that this working group should submit a report before the end of 2015.

The SACP offers to provide administrative support for the working group.

The primary and overriding objective of the SACP is that of building and strengthening media platforms that advance and reflect the perspectives and interests of the workers and the poor, the majority in our country.

### **Accountability**

As a party committed to the principles and values enshrined in the Media Charter and the Freedom Charter, the SACP notes the Media Charter's commitment to "basic rights and freedoms":

*"The basic principle around which our Media Charter should revolve is maximum openness within the context of a democratic constitution and Bill of Rights. Thus, for instance, it would be erroneous to advocate the setting up of bodies which determine what society should and should not read, hear or watch. Rather, judicial procedures should be effected if*

*and when civil rights are threatened or violated. Media freedoms should be understood in the context of other citizens' rights such as the right to privacy and dignity."*

Recent amendments to the mandate of the Film and Publication Board (FPB) may transform it into a body "which determine(s) what society should and should not read, hear or watch". However, the SACP supports the view set out in ICT Policy Review Panel documentation that the advent of the digital era requires that we review and amend all existing content regulatory structures and systems, dividing all future regulation of content into three primary streams: print, audio and visual, covering both digital and traditional media.

We further support the idea that all such regulatory structures should be independent – that is, like the structures controlling the behaviour of medical personnel and other professionals, they should be established by statute, but operated independently of both the government and of the sectors they regulate.

We are particularly concerned that the existing print and broadcasting self-regulatory bodies are, as voluntary membership bodies, powerless to enforce their rulings, and that any sanction handed down is damaging only to the pride of proprietors. We take the view that to serve as an enforcement mechanism, these bodies require the force of statute behind them.

Further, the proposed media appeals tribunal has the potential to make complaints against media platforms overly complex and cumbersome. Ideally such processes should be simple, accessible, affordable and relatively quick.

The SACP therefore proposes that the Media Transformation Conference commits itself to:

- A rapid and comprehensive review and overhaul of all existing and proposed media content regulatory systems and struc-

tures to achieve:

- A system covering all media content, including web-based and similar media content;
- A system established by statute, but with statutorily guaranteed independence, as envisaged in the Media Charter;
- A system to which adherence is either compulsory or which incorporates compelling incentives to join (and compelling disincentives for not doing so);
- The introduction of a fast-track, low-cost but courts-based anti-defamation process, enabled by statute, similar to that in operation in the UK and elsewhere; and
- That the conference identify mechanisms to achieve these commitments in South Africa.

### **South Africa's newsrooms – towards fact checking, not profit maximising**

South Africa's newsrooms and its journalists and media workers have been under sustained siege for decades – beginning in the 1980s when, across the world financialisation began to infect media ownership.

In the name of “cost efficiencies” proprietors have juniorised and de-skilled newsrooms while requiring fewer journalists, with fewer skills and less experience, to produce more stories for their core employer – the hard copy editions (of newspapers), audio or audio-visual platforms – while simultaneously preparing content for websites (written, audio and audio-visual) and contributing to social media.

They have, in consequence, virtually no time to ensure that what they produce is accurate, credible or reliable. And they are particularly vulnerable to input from spin-doctors and other would-be influence peddlers.

In his book *Flat Earth News*, British journalist Nick Davies quanti-



fies the vulnerability of journalists under the digital-era, profit-maximisation workload, and the consequent influence of spin-doctors with little interest in truth or accuracy, but much on influencing audience opinions. In some cases more than half the words in individual English newspaper editions originate from third-party sources (including advertisers, commercial lobbyists and political spin-doctors), but appear as the work of “independent” journalists.

Davies’ conclusion on the partisan character of many British newspapers is: “There’s no conspiracy here, it’s just a mess.”

The situation is worsened by the absence of a national union in South Africa, primarily organising media workers responsible for production of editorial content.

With our ally, Cosatu, and trade unions operating in the sector, the SACP therefore intended to initiate a programme to bring together South African journalists and media workers to develop a common approach to working conditions, remuneration, rights and responsibilities, and to agree a process of ensuring its implementation across all media platforms.

### **The role of the public broadcaster**

The SABC has a unique position in the South African media, both because it is state-owned, has the largest combined audience of any media house, and has a markedly different mandate.

Its audience stems from its two dozen radio stations, broadcasting in all official languages, and most “recognised” languages.

Its mandate is to provide, from a non-partisan perspective encompassing all South Africans, a comprehensive record on significant events and developments domestically, regionally and globally.

It is generously funded to fulfil this mandate – through the “licence fee” (effectively a retrogressive, ring-fenced tax) and the right to run

at least as much advertising per hour as commercial broadcasters, which, because of the size of its audiences, generates vast revenues.

Yet its audience numbers have been in decline for much of this century, its finances and governance are in perpetual crisis.

Oversight by parliament is poor, as is the supposedly arms-length administrative oversight by the Minister of Communications.

Its two-year partnership with MultiChoice is currently the subject of litigation and it increasingly operates as an independent fiefdom, accountable only to itself.

Its budget allocation have moved, year-by-year since 2000, away from expenditure of content to support for an increasingly bloated bureaucratic stratum which does little other than perpetuate its own existence.

Remedying the problems and challenges of the SABC is a massive task.

While the SACP is sympathetic to the solution by the Greek government during last year's Eurozone crisis – it closed its public broadcaster for a fortnight – it believes the more prudent and realistic approach is to recognise:

That millions of South Africans continue to rely on the SABC as their primary source of information and entertainment;

The current and potential role of the SABC as a national unifier and common asset.

It therefore proposes a major review of the SABC's governance structures and protocols, and development of proposals that will, if implemented ensure:

- Greater administrative accountability to parliament and to the executive;
- A more explicit and binding mandate, with sanctions imposed on executive and non-executive directors in the event of

non-performance; and

- A delay on the provision of any state funding until the SABC has costed the fulfilment of its public service mandate as set out in law;
- A major, state-initiated review of its staffing and performance against mandate, and the removal of all executives responsible for non-performance.

Delegates to the SACP's special national congress in July resolved to "reclaim and professionalise the SABC" and demanded the removal of "the illegally appointed so-called COO."

### **Digital migration**

The current broadcast digital migration policy, and particularly the use of a "dumb box" STB, has direct, negative implications on attainment of the SACP's media transformation objectives. It will broaden the digital divide between the affluent South Africa and the resource-poor majority – creating, in the words of one writer, "a form of TV apartheid".

The inability of the "dumb box" STB to adequately protect against signal piracy will prevent free-to-air broadcasters from acquiring high definition and other high-quality content – producers are increasingly reluctant to sell their content to broadcasters using insecure signal distribution networks.

The resulting declining audiences – and thus advertising revenues – will further starve free-to-air broadcasters of the resources they need to compete with MultiChoice's satellite service, DStv, and its digital terrestrial service MNet – the TV arms of Naspers' vast and influential media monopoly.

It is widely recognised that MultiChoice executives actively campaigned against an earlier policy that provided for "smart box" STB

technology, which would have gone some way to levelling the playing field between free-to-air broadcasters and MultiChoice's satellite and terrestrial operations. Equally importantly it would have significantly lowered the financial barriers to entry for potential pay-TV competitors to MNet and DStv.

Detailed local newspaper reports suggest MultiChoice effectively bought the political support of SABC executives and directors to back their campaign against that policy, along with that of South Africa's tiny (and mis-named) "community television" sector, and of part of the leadership of the National Association of Manufacturers of Electronic Components (Namec).

The campaign ultimately succeeded in having the policy reversed, leaving MultiChoice, now in a bizarre, parasitic partnership with the SABC, virtually unchallenged in South Africa's television sector.

The process has been indicative of some of the crudest forms of "corporate capture".

For the SACP, the consequent development of "TV apartheid" demands a sustained and broadly based initiative to ensure that television and its web-based audio-visual off-shoots are not denied to the majority of South Africans as one of the means of arming themselves with "the necessary information and ... access to the contesting options they require to make informed choices".

It has therefore included digital migration on the conference agenda.

The damaging economic consequences for the South African electronics manufacturing sector of the "dumb box" policy have been set out in detail by the manufacturers' chapter of the South African Communications Forum (SACF), Namec too, having recently rid itself of the two individuals who briefly took control to back MultiChoice, is strongly opposing the current policy.

The SACP has taken up the cudgels on behalf of the voiceless in this debate, South Africa's working class, poor and unemployed majority.

Namec will be addressing the conference in more detail on digital migration.

The SACP looks to delegates to the Media Transformation Conference to back a programme of action to pre-empt the formal and irreversible introduction of "TV apartheid" in our country.

## THE ANC MEDIA CHARTER

*The Draft Media Charter was agreed on at an ANC Department of Information and Publicity conference in 1991. It was accepted by the National Executive Committee in 1992 and incorporated into Ready to Govern, the 1994 ANC election manifesto*

South Africa has been a closed society, with many restrictions on the flow of information. Legislation, the structure of ownership of media resources, skills, language policy, and social deprivation have undermined access to information for the majority of the population.

The ANC believes that the transition to democracy in South Africa entails a movement from a closed society into one based on a free flow of information and a culture of open debate.

At the core of democracy lies the recognition of the right of all citizens to take part in society's decision-making process. This requires that individuals are armed with the necessary information and have access to the contesting options they require to make informed choices. An igno-

rant society cannot be democratic.

The ANC asserts that mere declarations of media freedoms on their own are not enough. These freedoms must be underpinned by an equitable distribution of media resources, development programmes and a deliberate effort to engender a culture of open debate. This requires policies of affirmative action to redress the inequalities in our society.

The ANC is committed to media freedom and various mechanisms to bring it about. A Media Charter which sets out broad principles to promote these freedoms will contribute immensely to the democratic process. Elements of such a charter will find expression in a constitution and Bill of Rights; while others will be realised through relevant legislation. Still others will serve as social guidelines.

The outcome of negotiations depends on the assertion of these rights. It is crucial, therefore, to strive for these freedoms way ahead of the advent of democracy. An open negotiations process - in which the public is informed about developments and itself participates in the debates - is a necessary prerequisite for a democratic transition.

### **Basic rights and freedoms**

The basic principle around which our Media Charter should revolve is maximum openness within the context of a democratic constitution and Bill of Rights. Thus, for instance, it would be erroneous to advocate the setting up of bodies which determine what society should and should not read, hear or watch. Rather, judicial procedures should be effected if and when civil rights are threatened or violated. Media freedoms should be understood in the context of other citizens' rights such as the right to privacy and dignity.

The citizens' right to privacy, dignity and any other freedoms entrenched in the Bill of Rights shall not be violated in favour of the free flow of information.

The media shall strive to interact with society as a whole, and organisations, institutions and citizens shall have the right (and mechanisms) of reply regarding information and opinion published about them.

All people shall have the right of access to information held or collected by the state or other social institutions subject to any limitations provided for in a constitution and Bill of Rights.

There shall be no institutional or legislative measures restricting the free flow of information or imposing censorship over the media and other information agencies.

All people shall have the right freely to publish, broadcast and otherwise disseminate information and opinion, and shall have the right of free access to information and opinion.

All media should subscribe to a Standard of Practice and/or Code of Conduct agreed upon among the producers and distributors of public information, communications and advertising.

There shall be no restrictions on private broadcasting initiatives beyond the accepted constitutional constraints and technical regulations arising out of legislation governing media.

### **Democratisation of the media**

The forms and mediums of mass communication will take account of the diversity of communities in respect of geography, language, gender, interests and prevailing levels of literacy.

Measures will be taken to ensure that all communities have access to the technical means for the receipt and dissemination of information, including electricity, telecommunications and other facilities.

All communities will have access to the skills required to receive and disseminate information, including the skills of reading and writing.

Ownership of media resources, production facilities and distribution outlets shall be subject to anti-monopoly, anti-trust and merger legisla-

tion.

Affirmative action will be implemented to provide financial, technical and other resources to those sectors of society deprived of such means.

Affirmative action, in terms of race and gender, will be applied to allow access to and control of the media institutions. This includes ensuring the participation of women in managerial positions on these media bodies.

### **Public media**

Media resources in the hands of the state shall be used to promote and strengthen democracy, which would include monitoring the media for gender and race bias.

The state shall maintain a public broadcasting service which shall serve society as a whole and give a voice to all sectors of the population.

Such a public broadcasting service shall be independent of the ruling party or any other interest group.

There should be structure(s) responsible for public media and this (these) should be broad-based and act as facilitator(s) to ensure fair access to air time and resources.

### **Media workers**

Society and the state shall strive to create the necessary environment in which the gathering, processing and dissemination of information can be conducted without restrictions.

Media-workers shall be protected against intimidation and other forms of pressure which inhibit their work.

Media-workers shall be protected by law from disclosing their sources of information.

Media-workers shall have the right to form or join trade unions, politi-



cal and other organisations of their choice, and they shall enjoy the rights accorded to all other workers.

### **Education and training**

The state and media institutions shall provide facilities for the training and upgrading of media-workers.

In the provision of skills, account shall be taken of the need for affirmative action in favour of those who, because of racism, sexism and other discriminatory practices, are disadvantaged.

Training programmes and school curricula shall include mechanisms aimed at empowering communities in their endeavours to publish and to broadcast.

As part of civic education programmes, the state and media institutions shall strive to inform citizens and media workers about their media rights and duties.

### **Promotional mechanisms**

In order to promote and monitor the realisation of these freedoms, independent structures shall be set up for defined sectors of the media, including advertisers and their agencies.

These structures shall be representative of media-owners, workers, political parties, civil society, relevant experts and others.

Standards of practice or codes of conduct are necessary to ensure the implementation of the above principles, and these shall be established through a democratic process involving the major media parties.

An Ombud shall be appointed to receive and act on complaints relating to the infringement of the above principles; and such an appointment shall also be made through a democratic process.

Society shall have the right to challenge decisions of all these structures and persons in a court of law or constitutional court.

# Crises facing labour in South Africa's platinum and auto industries

**Alex Mashilo** analyses the impacts of global and national trends on SA's platinum and auto industries and the workers

In 2007 the biggest and most complex international capitalist system crisis since the Great Depression of 1929-1939 broke out, initially in the United States. The crisis was a direct result of the measures adopted by the ruling class, that is the bourgeoisie, as the “solution” to the last major capitalist system crisis which occurred in the 1970s but as well as to subsequent endemic crises which occurred in the 1980s-1990s in different countries or regions. The measures that caused the crisis constitute neoliberalism as an ideology, policy regime and the variant of capitalism that developed from that policy regime with the rise of finance capital and financialisation.

During the 2007 crisis, not over yet, a major tragedy occurred in Marikana near the town of Rustenburg in South Africa. The tragedy received massive media coverage in South Africa and abroad. Unfortunately there were distortions dominated in part by various angles but which coalesce on opposition to the African National Congress (ANC) government. The general feature of this opposition to the National Democratic Revolution (NDR) and the struggle for socialism is constituted by a politics of hostility towards the ANC-led Alliance. The Alliance comprises of the South African Communist Party (SACP) and the Congress of South African Trade Unions (Cosatu) and has evolved to

include the South African National Civic Organisation (Sanco).

In the absence of interventions such as the present contribution, such distortions could leave the world with a wrong account and impression on what were the constitutive causes and driving forces of the underlying problem in Marikana and further the challenges facing labour in South Africa in general. In particular, most reports never examined the fundamental capital-labour contradiction constituted by the exploitation of labour by “private” capital. The situation whereby the world could be left with a wrong impression about the Marikana tragedy would also be undesirable.

My point of departure is that the problems experienced by workers not only in the Rustenburg platinum belt in 2012 but also in most of the other economic sectors dominated by private capital in the aftermath of the 2007 international economic crisis were as a result of that crisis. Secondly, South Africa’s economy has not been structurally, let alone fundamentally, been transformed from its colonially constructed minerals export dependency designed in the interest of imperialism. This weakness continues to constrain the expansion of productive work to absorb the masses of the unemployed. At the same time, workplace restructuring has deepened the levels of labour exploitation by capital through temporarisation of employment, casualisation and labour brokering. Lastly, there were other factors at play, objective and subjective, including several weaknesses within the labour movement itself.

Our analysis reflects on the global automotive industry which uses platinum as an essential ingredient in catalytic converters. This streamlines the connection between automotive industry production and platinum demand. The analysis extends to the links between that connection and the international capitalist crisis that erupted in 2007, this vis-à-vis the acute sharpening of the capital-labour contradiction

in the Rustenburg platinum belt in 2012. This includes the spread of the phenomenon and the political dynamics that thereby emerged.

### **Locating the 2012 capital-labour contradiction**

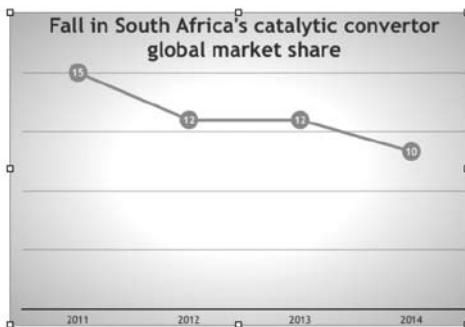
The South African economy is significantly dependent on mining and the export of mineral resources. This colonially-rooted raw materials-export dependency was constructed under British imperialism which, in the course of history, was overtaken by US as the new centre of the world capitalist system. The summary below by the Automotive Industry Export Council (AIEC), an important authority for automotive industry statistics in South Africa, presents a glimpse, but not all, of South Africa's world mineral economic position.

South Africa has an abundance of raw material availability and is the world's top ranked producer of platinum, palladium, rhodium, chrome, manganese, vanadium, vermiculite, ferro-chromium and alumino-silicates. **In terms of global reserves and production of minerals, holds 90% of platinum-group metals, 80% of those of manganese, 73% of chrome, 45% of vanadium and 41% of gold reserves.** Only two strategic minerals namely, crude oil and bauxite, are not available in the country. South Africa has a high level of technical expertise, comprehensive research and development activities and boasts world-class primary processing facilities for gold, platinum, carbon steel, stainless steel and aluminium. Platinum group metals, including platinum, rhodium and palladium, are essential elements in the catalytic converter, which makes the country a strategic long-term supplier of these products. **South Africa currently supplies in the order of 15% of the global demand for catalytic converters [i.e. in 2011]. The country is also home to over 70% of the world's chromium, which is an essential ingredient in the stainless steel used to house the catalyst and**

**produce modern auto exhausts.** This resource base produces in excess of 50% of the world’s ferrochrome and has prompted the development of Columbus Stainless, one of the largest and most modern integrated stainless steel works in the world. (AIEC, Automotive Export Manual: South Africa, 2011, p.9, emphases added)

We have used the AIEC for this information because automotive production is one of the largest consumers of mineral resources, and of platinum. As the emphasis highlighted in bold above show, Platinum Group Metals (PGMs) play an essential role in the manufacturing of automotive catalytic convertors, and therefore significantly drive global demand for platinum. According to the AEIC Export Manuals (2012, 2013 & 2014), South Africa experienced a decline in its global market share of automotive catalytic convertors. This went down from the 15% in the 2011s to 12% in 2012-2013, and then further down to 10% in 2014. Figure 1 below depicts the context.

**Figure 1: Fall in South Africa’s market share of automotive catalytic convertors**



Source: Automotive Export Council (Export Manuals, 2011, 2012, 2013 & 2014)

South Africa’s declining global market share of automotive catalytic convertors had negative implications for local beneficiation of platinum as a raw material in the production of finished products. The decline contributed, albeit marginally to the general fall in the demand for platinum during the crisis.

To engage this dynamic, let us firstly look at platinum world production and reserves.

### **Platinum world production and reserves**

**Table 1: Platinum world production and reserves**

	Mine production	Mine production	Mine production	Mine production	PGMs reserves
	Platinum	Platinum	Palladium	Palladium	
Country	2010	2011 <sup>e</sup>	2010	2011 <sup>e</sup>	
<b>South Africa</b>	<b>148 000</b>	<b>139 000</b>	<b>82 200</b>	<b>78 000</b>	<b>63 000 000</b>
Russia	25 100	26 000	84 700	85 000	1 100 000
Zimbabwe	8 800	9 400	7 000	7 400	( <sup>e</sup> )
Canada	3 900	10 000	6 700	18 000	310 000
United States	3 450	3 700	11 600	12 500	900 000
Colombia	998	1 000	NA	NA	( <sup>e</sup> )
Other countries	2 300	2 500	9 540	6 100	800 000
World total (rounded)	192 000	192 000	202 000	207 000	66 000 000

*Source: US Geological Survey, Mineral Commodity Summaries, January 2012*

According to the report, “World resources of PGMs in mineral concentrations that can be mined economically are estimated to total more than 100 million kilograms. The largest reserves are in the Bushveld Complex in South Africa”. The report states further that “many motor vehicle manufacturers have substituted palladium for the more expensive platinum in gasoline-engine (petrol) catalytic converters. As much as 25% palladium can routinely be substituted for platinum in diesel catalytic converters; new technologies and laboratory experiments have increased that proportion to around 50% in some applications. For other end uses, some PGMs can be substituted for other PGMs, with some losses in efficiency.”

However South Africa is still host to the world’s largest PGMs production and deposits, with Russia in second position. Zimbabwe is also a key player. Yet, as the table above shows, the imperialists are downplaying the geostrategic position of Zimbabwe in platinum production and reserves.

### **Global automotive industry**

“If auto manufacturing were a country, it would be the sixth largest economy” in the world, says the International Organisation of Motor Vehicle Manufacturers (OICA), the world’s authority on vehicle production data. OICA further characterises the auto industry as “the single greatest engine of economic growth in the world”, and as “a key sector of the economy for every major country in the world”. Automotive production spans many sectors, and has long been recognised as “the industry of industries”<sup>3</sup>. This includes the production of discrete parts and other inputs, components and complete built vehicles.

All of those are made out of different minerals, used as part of the means of production as raw materials. For example iron ore and

cast iron, steel, aluminium and alloys, copper, platinum, and more; chemical, tyre, rubber, plastic, glass; even leather and textiles; and so on. Other automotive industry supply sectors include electronics. And, of course, the functioning and operation of automotive vehicles still depend on oil, and oil products such as fuel (e.g. petrol and diesel), lubricants and fluids. The economy of those oil products is in turn significantly dependent on auto-mobility. Then, in the world of the financialisation of exchange, the financial sector, including the insurance industry, are interested and have interests in automotive vehicles. Indeed such “financial services” and platinum raw material characteristic uses apply to other products in others sectors as well, and of course there are variations.

For example, jewellery is one of the major users of platinum<sup>4</sup>. However the articles produced are very small. In addition, there are many jewellery products that are made without platinum. It is less an essential but rather a luxury component input. Furthermore, in most cases where platinum is used in jewellery it is in small quantities compared to automotive production or other uses. This is why in part we are looking at the automotive industry as an important source of platinum demand compared to other uses in studying what happened in the Rustenburg platinum belt during the international economic crisis that broke out in 2007.

Whereas in platinum South Africa is the single largest producer and is host to the majority of the world’s reserves, international competition for supply in other mineral resources used both in automotive production and other sectors is strong although varied across more countries than is the case with a handful in platinum. This is another reason for our focus on platinum compared to other mineral resources. For example, some of South Africa’s automotive components manufacturers import the steel that they use, citing the grade



quality requirements prescribed by automotive original equipment manufacturers. Still, there are major steel producers in South Africa who prefer to supply imported steel insofar as those grade quality requirements are concerned, citing disadvantages in economies of scale on the domestic manufacturing of such steel.

As we have seen from the above, due to its character as “the industry of industries”, the rise and fall of automotive industry production affects other sectors. Data obtained from OICA show that the largest declines in global car production occurred between 2008 and 2009; see Tables 2 and 3.

**Table 2: Global Vehicle Production**

2007	2008	Variance in 2007-2008	2009	Variance in 2008-2009
73 266 061	70 729 696	-3,5%	61 762 324	-12,4%

The cumulative effect of the 3.5% and 12.4% plummeting in global automotive production in 2007-2009 impacted negatively on the demand for platinum.

**Table 3: South Africa Vehicle Production**

2007	2008	Variance in 2007-2008	2009	Variance in 2008-2009
73,266,061	70,729,696	-3.5%	61,762,324	-12.4%

*Note: 2008 is the pre-crisis peak*

The 33,6% fall in 2008-2009 automotive production was also massive (this is included in the general fall of global automotive production). Despite some domestic recovery in 2010, by 2012 domestic

production output had not reached its 2008 peak. The decline of course, impacted on the demand in the supply of platinum or its replacements within the PGM family.

### **Interaction between the international system crisis of 2007 and platinum market dynamics**

The fall in platinum demand in vehicle production and other uses (with a few exceptions, such as jewellery, addressed above) as raw material during the international capitalist crisis, and which was worse in 2009, resulted in accumulated stockpiles (or otherwise oversupply). Johnson Matthey's 'Platinum 2010' report shows that "Gross automotive sector demand for platinum fell by 39.0 per cent to 2.23 million ounces in 2009" with platinum demand falling in every region. Meanwhile, in "Europe platinum demand dropped (during the same period) by over half to 970,000 oz. due to a sharp, short term decline in the market share of the diesel engine" (JM, 2012). All this against the backdrop of the 12% fall in global vehicle production and 34% fall in South Africa, in 2009. Regarding platinum oversupply, Johnson Matthey's 'Platinum 2012' report states that:

Supplies increased to a four-year high, supplemented by a pipeline drawdown in South Africa in the second half, while recycling also rose. As a result, the platinum market swung into a surplus (i.e. oversupply) of 430,000 oz. (in 2011). The price of platinum partly reflected these weaker fundamentals but was also dragged down by a wider asset sell-off by investors in the fourth quarter, falling to a two-year low of \$1,364 by the end of 2011.

The report notes that there was a modest rise in demand in 2011. However, as shown above, this did not offset the loss that had occurred, and the cumulative condition of oversupply was still massive – "the platinum market was in oversupply by 285,000 oz. during

2009” (JM 2010) which rose to 430,000 ounces in 2011.

Further than demand dynamics (and prices), market capitalisation could shed some further light on the sectoral location of the 2012 acute capital-labour contradiction in the Rustenburg platinum belt (the heart of SA’s platinum mining). According to Pricewaterhouse-Coopers’s (PWC’s) November 2012 report titled ‘SA Mine: Highlighting trends in the South African mining industry’:

The 2012 financial year saw the top 39 mining companies shed all the gains made since 2010. Market capitalisation for these top 39 companies declined by 9% from R910 billion in 2011 to R833 billion in 2012, reflecting a 3% decrease in market capitalisation from R862 billion in 2010. On the back of strike action, the position weakened even further and reflected a market capitalisation of only R792 billion at the end of September 2012. Biggest gainers in 2012 have been the diversified companies, with Kumba Iron Ore, Assore and Exxaro Resources increasing their market capitalisation by R39 million (13%) in aggregate. A depressed rand platinum basket price significantly impacted platinum miners, with Anglo Platinum, Impala, Lonmin, Northam Platinum, Royal Bafokeng Platinum and Aquarius Platinum losing R86 billion (25%) in market capitalisation. The diversified companies replaced the platinum producers as the dominant players within the top 39, increasing their share of market capitalisation to 40% (2011: 33%), while the platinum producers’ share reduced to 31% (2011: 40%).

According to PWC, “Coal overtook platinum as the highest revenue earning commodity in South Africa” during that period, despite slight platinum Rand price recovery in 2012. “Annual gold revenue increased on the back of the Rand’s decline against the US dollar”, in which case it was more robust than platinum. The ‘crisis market-gold-rush’ boosted the metal’s price position compared to falling platinum

demand and price. “Gold achieved a record 10-year high in February 2012, while at the same time platinum achieved its lowest real price in the last decade, states the PWC report. According to the report, “Of the three main revenue-generating commodities, gold is the only commodity to have gained in real Rand terms. The price of coal (with coal having overtaken platinum as the highest revenue earning commodity)... remained fairly flat, while the Rand price of platinum declined in real terms.”

All of the above should be seen as contextualising the location of the acute rise in the capital-labour contradiction in South Africa’s platinum mining, in particular in the Rustenburg platinum belt given the concentration of platinum mining in that area. This compared to other sectors. But there are more other localised factors which grounded the problem in the Rustenburg platinum belt.

### **Shoving off losses upon others**

In *Capital* (Vol. III) chapter 15 Karl Marx refers to how during the capitalist crisis the bourgeoisie tries by all means to avoid loss: But as soon as it no longer is a question of sharing profits, but of sharing losses, everyone tries to reduce his own share to a minimum and to shove it off upon another. The class, as such, must inevitably lose. How much the individual capitalist must bear of the loss, i.e., to what extent he must share in it at all, is decided by strength and cunning, and competition then becomes a fight among hostile brothers. The antagonism between each individual capitalist’s interests and those of the capitalist class as a whole, then comes to the surface, just as previously the identity of these interests operated in practice through competition (p. 173).

The battle does not only take this form, or even end there. As in his analysis of unemployment as a necessary condition, product and lever

for the accumulation of wealth on a capitalist private basis (Capital, Vol. I), the battle to avoid loss and shove it off upon others is intensified during crisis periods. This intensification is also against variable capital, the wage bill, or ultimately workers. During the crisis, workers in the automotive industry faced retrenchments. In addition, a series of long periods of temporary layoffs and short-times were implemented. Both invited state intervention in the form of the ‘Training Layoff Scheme’ that was adopted in 2009 as part of the ‘Framework for South Africa’s response to the international economic crisis’.

In the mining sector, especially platinum, thousands of workers were dismissed. Regardless of the other reasons given, including “unprotected strikes”, many of them were never replaced. This means that the bosses exploited “unprotected strikes”, which they caused, as an opportunity to restructure their operations by dismissing workers in a way that cut the cost of following applicable labour law procedures and collective bargaining agreements. It was during the crisis that mining bosses unveiled major restructuring plans, including the shutdown of certain shafts, retrenchments and mechanisation.

Capital found itself faced with its own monster in the measures it developed to pass the losses on to workers. Despite remaining volatility, platinum market dynamics did recover, although somewhat slightly (at first) after the outbreak of the crisis. Recovery did not and does not occur at a lightning speed however, just as the negative impact of crisis in general does not fall on to everyone at the same time or at lightning speed. This is why it took time after the outbreak of the crisis in 2007 for the capital-labour contradiction in platinum mining to reach a high point in 2012.

Strikes however continued one after another, while the “metamorphosis” of the so-called “recovery offshoots” emerged. Production was grounded in each respect, albeit perhaps still offset by invento-

ries (i.e. stockpiles or in structural terms oversupply) to some extent. The longest strike started in January 2014. It lasted for five months with a much weaker settlement than the original demand (of R12 500). Moreover, the settlement locked workers into an agreement (between the Association of Mineworkers and Construction Union (AMCU) and the bosses) over an extended period of three years as opposed to immediate implementation on a complete basis. It is obvious that as bargaining continues to take place, with or without the agreement, the R12 500 demanded was inevitably going to be reached and surpassed in the process. How could the compromise have happened after such an onslaught against the National Union of Mineworkers (NUM) by Amcu and its backers, this including baseless allegations?

A resistance too long prolonged in a besieged camp is demoralising in itself. It implies suffering, fatigue, loss of rest, illness and the continual presence not of the acute danger which tempers but of the chronic danger which destroys. (Karl Marx: *Eastern Question*. 14 September 1855, quoted in Antonio Gramsci, *Selections from Prison Notebooks*, p. 496).

Strikes, while important for workers to wield their collective power, however have their own inherent weaknesses and physical limitations including time and space. During strikes the bosses are not the only ones who lose. And in this case they obviously had inventories from over-supply conditions which compensated their production loss while they also had some levels of over-capacity. They did not need production on an urgent or otherwise just-in-time basis or otherwise even full capacity.

Workers also lose wages during strikes, on the basis of the so-called “no work no pay” regime. The loss on the divided workers – who increasingly became indebted to loan sharks and broadly the financial

sector – had become massive, costly and difficult to withstand any longer.

The acute sharpening in the capital-labour contradiction in 2012 in the Rustenburg platinum belt also lay in the strategies adopted by the bosses, over and above the platinum market crisis. This includes divide and rule tactics as a way to shove off crisis-loss upon the workers, maximise or try to offset unfavourable capitalist private accumulation conditions arising from the law of the tendency of the rate of profit fall.

### **Divide and rule**

This organisation of the proletarians into a class, and, consequently into a political party, is continually being upset again by the competition between the workers themselves. But it ever rises up again, stronger, firmer, mightier” (Marx and Engels, ‘Manifesto of the Communist Party’, 1848).

From the above we are dealing with this: “This organisation of the proletarians... is **continually** (my emphasis) being upset again by the competition between the workers themselves” (Amcu/NUM divide). Further: “But it ever rises up again, stronger, firmer, mightier” – we consider as requiring a thesis on its own, and therefore the continuation of this work to its logical completion. This will include, over and above current efforts, further considerations on strategy and tactics to achieve maximum unity among the workers – that is “stronger, firmer, mightier”.

For now let us acknowledge, as highlighted from Marx above, that although the exploitation of labour by “private” capital furnishes the basic condition for workers to unite, there are factors which arise and are capable of continually upsetting that unity. No strategy and tactics will succeed in building and maintaining maximum organisational

and political unity among workers without paying attention to those factors. This we shall have to address in the remainder of this article.

According to Cosatu and NUM, Impala Platinum (which is the world's second largest producer of platinum) provoked workers through measures that forced them to embark on unprotected strike action, this in order to dismiss them using interdicts from the courts<sup>6</sup>. According to NUM, the move constituted a short-cut to restructuring. In the context of the capitalist system crisis, the restructuring must be viewed as part of the measures to cut losses and reposition the company on a path of "cost-cutting" and profit maximisation.

Mainly this sort of "cost-cutting" affects variable capital or that portion of capital which makes up or goes to the sum total of wages. About 25,000 workers stayed away during the strike, which was actually provoked by Impala Platinum. The company implemented a discriminatory wage increase of 18% for miners outside collective bargaining, excluding rock drill operators and other categories of the production workforce. In capitalist production and accumulation, employers typically do not increase workers' wages voluntarily.

They increase wages involuntarily, mostly a measure of last resort when all else has failed in the short run, while exploring medium-to-long-term avenues to recover the "loss" incurred through ways to deepen labour exploitation. This is because of the contradictory relationship between wage and profit rates: "A general rise in the rate of wages would result in a fall of the general rate of profit, but, broadly speaking, not affect the prices of commodities" (Karl Marx, 'Value, Price and Profit'<sup>7</sup>).

One of the factors that can force the involuntary action by an employer to increase the wages of a given category of workers is their relative labour market power. This is derived from scarce or critical skills held by those workers or the potential to lose their skills to oth-



er employers through resignations. In the SACP's analysis,

The violence associated with AMCU spread to the Rustenburg platinum mines... when the management of Impala Platinum deliberately undercut collective bargaining agreements reached with NUM by opportunistically seeking to attract, with higher wages, mineworkers with blasting certificates from other companies – this naturally created a grievance among the less-skilled rock-drillers. (SACP, 19 August 2012, Augmented Central Committee statement<sup>8</sup>)

The workers who were excluded by Impala Platinum from the unilateral wage increases were therefore compelled, by the decision, to demand the same treatment. Associational and structural power derived from numbers and from labour's withdrawal from production, also forged through intimidation, violence and killings, explain the difference in terms of what happened in platinum compared to other sectors.

This occurred in the context where close to a million jobs were lost in the South African economy as a result of the international capitalist system crisis. Racialised and gendered class inequality, unemployment and poverty increased as demand and production plummeted. In this, Africans in particular and black people in general were on the receiving end, reflecting the persisting legacy of colonial and apartheid oppression based on capitalist exploitation. Firm closures increased while other firms retrenched workers and restructured both their operations and the workforces.

Already South Africa's employed workforce was restructured with the country's 'integration' into the world economy as it happened to the workforce in many parts of the world under neoliberal globalisation. Following the disintegration of the Soviet Union in 1990, and a shift to a unipolar centred on the triad economies of the US, its Euro-

pean allies and Japan, the world economy was pushed in the direction of imperialism's latest programme – neoliberalism. In South Africa this coincided with the 1994 democratic breakthrough, and therefore had a negative impact on the character of the democratic transition. In particular, some of the policy choices such as the macroeconomic strategy Growth, Employment and Redistribution (Gear) imposed neoliberalism.

Under neoliberalism, the working class has been restructured and stratified through casualisation, labour brokering and perpetual temporaryisation of employment relationships which increasingly substituted “permanent employment relationships”. In its Augmented Central Committee statement of 2 December 2012 the SACP pointed out to this as one of the factors that were at play in the acute sharpening of the capital-labour contradiction in the Rustenburg platinum belt: “Much of the instability in the mining sector is also directly attributable to the fault-lines between workers formally employed by the mining companies and those who are contracted and labour-brokered”.

As Karl Marx states in *Capital* (Vol. I, p. 796), the workers who face this suffer from **extremely irregular employment**. They furnish to capital **an inexhaustible reservoir of disposable labour power. Their conditions of life sink below the average normal level of the working class; this makes them at once the broad basis of special branches of capitalist exploitation** (my emphasis). At the time Marx published the work (1867), those workers were characterised by maximum of working-time, and minimum of wages.

Under neoliberalism, those conditions were worsened in various fronts. The capitalists did not assume responsibility of the resulting burden caused by their accumulation regime. In the aftermath of the 2007 international capitalist crisis for example, workers who remained employed, including the very casualised, outsourced, labour

brokered and all those with extended families (mainly blacks with an average family of five) had to look after more people. This was due to the acute increases in retrenchments and unemployment, poverty and racialised class inequality. In South Africa, already these triple-effects, conditions and levers of *capitalist accumulation*<sup>9</sup> were at crisis levels or persistently high. They worsened during the international capitalist crisis.

In addition, there was another problem that is rooted in the colonial and apartheid history of capitalist exploitation in South Africa. The labour regime in the mines continues to reflect the persisting legacy of migrant labour with poor housing conditions inherited from centuries- and decades-long colonial oppression, including apartheid. The cost of working far away from home and thus being forced to have the second home next to the workplace continued to weigh heavily on workers. The “living-out” allowance which the bosses conceded to in collective bargaining in their resistance to housing transformation for the workers was not high enough, and alone also not a sufficient intervention:

The desperate financial plight of many mine-workers despite the fact that in nominal monetary terms they are better off, relative at least to many other sectors of formal employment, is directly related to the distortions of the migrant labour system. Many contract workers (between 30% and 50% of the platinum sector) are now stranded between two worlds. The progressive and commendable abolition of the old single-sex hostels has not been accompanied by any thoughtful transformation of other aspects of contracted labour. The “living-out” allowance is pitiful, given the market costs of housing and the absence of company or municipally provided housing and bulk infrastructure. There has been the mushrooming of informal settlements which often become easy terrains for all

kinds of warlordism, shack-lordism and other anti-social tendencies. The “living-out” allowance also means that many workers are now supporting two households and two families. This lies at the heart of high-levels of indebtedness and the proliferation of loan-sharks, big and small, in these mining communities. (SACP, 2 December 2012 Augmented Central Committee statement).

### **Rubbing salt into the wound**

Over and above discriminatory wage increases made outside the structures and mechanism of collective bargaining, employers also adopted other divided and rule tactics. And in addition, the discriminatory wage increases were made despite the bosses having rejected the so-called “on-cost” items (i.e. demands that have monetary or “cost” implications) on their commitments to further negotiations with labour relating to other conditions of employment besides wages. Impala Platinum adopted draconian stances against NUM, the sole representative of the workers at the time. The bosses required NUM to apply for permission before the union could hold meetings with workers, the majority being its members.<sup>10</sup>

However, the bosses “allowed people who do not work there to come and have several meetings with workers in the company’s premises”. The problems in the Rustenburg platinum belt were as such “a direct result of the strategic offensive against NUM and our hard-won labour-relations system”. In addition, intimidation, violence and killings of workers continued, affecting NUM members and shop stewards. This is the context in which AMCU was built and attacks from those activities and the media were directed at NUM. The latter’s membership was severely affected. Unprotected strikes snow-balled from one mine to another, assuming similar violent form with workers against workers. In other words what happened at one mine

spilt over to the same phenomenon in the nearby mines, and, later, others elsewhere would seek to take their cue from this.

A Wits University PhD student who was studying the violence observed in his investigation, and about the emergence of Amcu at Impala Platinum, that workers “were usually attacked in the early hours of the morning when the first shift was scheduled to start”; the violence “was apparently coordinated by an underground violence committee and its networks” and used “as a strategy to forge worker solidarity”; “In the first fatal incident the victim was caught in the early hours of the morning and stripped naked before being fatally assaulted and left... dead” and many “such incidents followed as the violence escalated”; “In the height of the strike a video footage of captured men and women scabs who were forced to strip and toyi-toyi nude was circulated via mobile phones”; and “Amcu held a mass meeting which resolved to shut down all NUM offices”.<sup>11</sup>

Meanwhile, a tendency emerged to push for maximalism and advocate for the immediate achievement of the maximalist demands but never achieved what it promised workers. This regardless of the possible permutations vis-à-vis objective conditions. Maximalism was elevated as being “progressive”, “militant”, or even “revolutionary”. In the process, massive misinformation including miscalculations were printed or broadcasted by the mainstream media. A narrative was developed, saying that workers negotiating on their own without unions were able to achieve better results.

All this coalesced in attacks on NUM, an affiliate of Cosatu – an ally of the ANC and the SACP. In general, a political agenda was developed to attack Cosatu affiliated trade unions and the ANC-led Alliance.

In addition, various vulture-like domestic and foreign political actors, and some of an entryist-type, sought to capture and redirect what was essentially a capital-labour contradiction. The aim was to turn

this into a political opposition to the ANC-headed Alliance towards the “possible” overthrow<sup>12</sup> of the ANC-led government. Increasing attacks were also directed at Cosatu affiliates. But in so far as an affiliate would later turn against the ANC-headed alliance the mainstream media would shift and give it favourable coverage while hostile forces seek co-operation and accommodation with each another.

### **Fragmentation within the labour movement shifting attention away from the workplace**

In addition to the political agenda to forge opposition to the ANC-headed alliance, in other words, distracting and diverting attention away from the primary issue – the capital-labour contradiction – another trend emerged. This sought to shift attention from the need for workers to unite and contest workplace restructuring, which is used by employers to deepen labour exploitation and maximise profit by increasing relative surplus value.

More and more macro issues, which are of course not wrong to contest, would be elevated above the need to strengthen the struggle on workplace restructuring. In turn, workplace struggle would be narrowed to wages, rather than holistic transformation anchored on the principle of democratic worker control.<sup>13</sup>

In this process, at least two new political parties were profiled or launched like scavengers marching on (if not exploiting) the dead bodies of the workers and the displaced (as a result of intimidation and violence).<sup>14</sup> And other political organisations, different in characteristics but based upon opposition to the ANC, would be explored by other opportunist elements, some motivated by unbridled private personal ambitions.

Fragmentation within the ranks of the trade union movement received massive support and coverage in the mainstream media. The

so-called small unions were promoted by bourgeois “intellectuals” of all sort masquerading as “independent” analysts.

When the snowball in the labour-capital contradiction reached the world’s third-largest platinum mining company Lonmin Plc in the Rustenburg platinum belt, in two days between 10 and 12 August 2012 ten workers, including two police officers and two security officers were killed. Unfortunately, on 16 August 2012 thirty-four workers were killed during police intervention. Massive condemnations correctly followed. This including from the Alliance partners the ANC, SACP and Cosatu as well as from NUM. Other condemnations which were politically motivated only focused on the thirty-four, and did not care about the rest of the killings as if to attach different value to lost human life.

The ANC-headed Alliance further called for a commission of enquiry into what happened, and this to include an inquiry into the employment, working and living conditions of the workers. The government under the leadership of President Jacob Zuma had also condemned the killings, and responded by establishing a judicial commission of enquiry. By early 2015 the commission was yet to hand over its report.

Unfortunately, when the whole phenomena occurred there were already certain problems within Cosatu, this itself the outcome of both the objective factors we have discussed as well as subjective factors.

It was during this crisis period that, instead of complete solidarity towards a fraternal union NUM, the leadership of the National Union of Metalworkers of South Africa (Numsa) expanded the union’s scope to include mining and other sectors, this having been preceded by organising some of those workers. Competition negates solidarity, it is its direct anti-thesis. And problems escalated within Cosatu, a workers’ federation founded to pursue solidarity. As Marx pointed

out, competition between workers upsets their unity and that of their political organisation.

The move also constituted unilateral scraping of the principle of ‘one industry one union’ upon which Cosatu was founded.

But several other interacting phenomena had emerged within Cosatu between 2008 and 2012, some relating to internal succession issues. These were, as it turned out, linked to the election of leadership within other Alliance partners the SACP and the ANC in 2012.

There was a consideration to deploy or second the Cosatu Deputy General Secretary Bheki Ntshalintshali to the International Trade Union Confederation (ITUC). This occurred shortly following the 2008 Numsa National Congress where new national office bearers were elected. The name of the Numsa General Secretary Irvin Jim was however raised to fill the vacancy that would be open. Unfortunately the matter was handled in a manner that caused internal divisions. This was itself further linked to succession on an announcement that was to be made at Cosatu’s national congress in 2009 by its then General Secretary Zwelinzima Vavi that he would not make himself available for re-election at its next National Congress in 2012. Others in fact used the media to jostle for the positions,<sup>15</sup> while others in the forefront of these developments did so for their preferred succession candidates.

It was also during this period that a wave of attacks directed at SACP General Secretary Blade Nzimande also emerged. This based on a decision made by the Party exercising its independence on his deployment in government. The attacks involved hypocritical tendencies from among others those who projected themselves as “more revolutionary than thou” who fought for the independence of each Alliance partner and therefore not just that of Cosatu. This included using their positions in the trade union movement to seek to decide



for an independent formation, the SACP, what decisions to take, what to do and what not to do. There was also an effort to use money to drive this agenda and dictate terms to the Party.

It turned out later from a publicly circulated resignation letter by the Numsa President<sup>16</sup> that the union's General Secretary presented an 'un-mandated reflection' to President Jacob Zuma at a private meeting held at the President's home at Nkandla, where the name of the Cosatu General Secretary was put forward for the position of ANC Deputy President, a position linked to that of the President of the country.

In another development, individual Cosatu affiliates were internally and externally contested, in many cases with either covert or overt involvement or sponsorship of private capital. The NUM, as the strategic target, was severely affected. At its 2012 National Congress NUM president<sup>17</sup> highlighted the point. Further statements from NUM following the Congress suggested that one of the "private" capital personified did come forward in the open.

Trade unions have become both the market and the key to access to a market for a variety of services and investments including financial services and supplies of different products. That is part of what is being contested by different players from among the ranks of "private" capital and which has given rise to business unionism and potential corruption from within the ranks of trade unions. Divisions within the ranks of the labour movement have taken root in this context.

Meanwhile, there were also other problems which affected unity in Cosatu. These were referred to by the federation itself as administrative, organisational, political and ideological issues. However, in the process factional manoeuvres were adopted to shove off blame of the problems (and of course some of which arising from purely personal conduct<sup>18</sup>) upon the SACP, the ANC and then Cosatu itself. In the

process the Numsa leadership built support and was retrospectively supported by those whom it supported. This was designed to coalesce mainly around the Cosatu General Secretary. Consequently the cult of personality emerged.

The important capacity to look at issues objectively without allegiance was lost in the process, because of the mutual symbiosis that was forged in the context that plunged Cosatu into factionalism. This developed to a point where parallelism emerged with openly declared defiance and loyalty to external and factional activities. It is in this context that an agitation and propaganda to split Cosatu from the ANC-headed Alliance was hatched involving at least a five-pronged approach.

At its inception the first approach sought to realign Cosatu away from the liberation Alliance, increasingly towards the so-called “civil society” organisations. As Karl Marx states in *The Poverty of Philosophy*: “Do not say that social movement excludes political movement. There is never a political movement which is not at the same time social”. A number of the so-called “civil society” organisations thus involved were actually political groupings which were a part of the opposition to the ANC-led democratically elected government and the liberation Alliance. Some of their leaders were to form part of the project to start new political organisations.

The second, overriding approach involved creating new political organisations from within Cosatu and using it as a base in building opposition to the ANC-headed Alliance. It is under this approach that consistent attacks were launched against the SACP and the ANC. These opposition-styled attacks were part of a strategy to profile the new political organisations being created, and involved a wide range of unfounded allegations. The attacks were combined with a campaign to split Cosatu from the ANC-led Alliance.

The third approach was informed by the view, dating back to the formation of the EFF, that if Cosatu does not split from the liberation Alliance and remains united then the project to create new political organisations would not succeed. It is under this approach that an agenda to divide Cosatu was intensified.

The fourth approach was that if Cosatu does not split from the liberation Alliance it must therefore itself be split apart. It is under this agenda that those who moved to the centre of the agenda to divide Cosatu, and as part of their tactical manoeuvres to split it from the liberation Alliance, were increasingly blaming the SACP and the ANC for the divisions.

In the process a fifth approach was adopted, to engage other unions and federations outside of Cosatu with the intention of forming and consolidating a rival federation.

In the next chapter of this intervention we proceed by first going back to Marx when he said: “But it ever rises up again, stronger, firmer, mightier”, referring to the unity of the workers. We will look at what has been done to achieve this profound way forward, and further grapple with that historic question posed by Vladimir Lenin: “What is to be done?”

## **Cde Mashilo is SACP spokesperson**

### **Notes**

1. Sources focusing on mining rather than on the use of platinum as an input in manufacturing tend to back up that contained in ‘Mineral Resources: Pocket Guide to South Africa 2012 / 2013’ produced by South Africa’s Department of Minerals: “South Africa has the world’s largest resources of platinum group metals (87,7% of world total), manganese (80%), chromium (72,4%),

gold (29,7%), alumino-silicates and accounts for over 40% of global production of ferrochromium, platinum group metals and vanadium”.

2. Further, it can be argued that this negative impact on local beneficiation of platinum is taking us in the opposite direction to that presented in the SACP discussion document ‘Going to the Root’ on the second, more radical phase of the National Democratic Revolution. In the document the SACP calls for beneficiation of our mineral resources to achieve industrialisation, and relative de-linking from imperialism.
3. See, for example, Drucker P (1946) *The Concept of the Corporation*. New York: John Day
4. South Africa needs to think strategically about this. For example, watchmaking was shut down with the closure of N-courses in Vocational Education and Training Colleges, but was not returned as a trade when those courses were brought back. The same applies to other fields, for example cabinet making, in terms of trade tests. How can industrialisation be achieved in those areas without building the necessary intellectual capacity with regards to product and production process research and development as well as skills development is a big question.
5. Defined as “the total market value (measured by currency, e.g. \$) of all of a company’s outstanding shares” with outstanding shares defined as “a company’s stock held by all its shareholders, including share blocks held by institutional investors and restricted shares owned by the company’s officers and insiders”.
6. See Cosatu and NUM statement on the current wildcat strikes in the mining industry: <http://www.cosatu.org.za/show.php?ID=6567#sthash.tDquFEp3.dpuf> and ‘NUM condemns Impala Platinum’, Statement released by the National Union of

- Mineworkers (1 February 2012).
7. Written between end of May and 27 June 1865 and first published in 1898.
  8. [www.sacp.org.za/main.php?ID=3723](http://www.sacp.org.za/main.php?ID=3723)
  9. See Marx, at least *Capital* (Vol. I.) for a detailed analysis.
  10. National Union of Mineworkers, Statement, 1 February 2012.
  11. South African Labour Bulletin, Volume 36 Number 3, pp. 11-12 (August/September 2012).
  12. Various efforts were made to redirect what was basically a collective bargaining to the Union Buildings and to shift blame to the ANC-led government and even the ANC-led Alliance on what was, and remains fundamentally a capital-labour contradiction caused by the bosses.
  13. It was this context which in part motivated the SACP to call for a multi-stakeholder mining sector summit to deal with matters of fundamental transformation of the mining sector including realigning it to industrialisation and broader development goals.
  14. The so-called “Workers and Socialist Party” (WASP) and “Economic Freedom Fighters” (EFF).
  15. [mg.co.za/article/2011-07-08-irvin-jim-jimmying-up-the-battle-for-succession](http://mg.co.za/article/2011-07-08-irvin-jim-jimmying-up-the-battle-for-succession)
  16. Letter circulated from 25 November 2013.
  17. Senzeni Zokwana, <http://www.marikanacommm.org.za/exhibits/Exhibit-BBB-6.pdf> (Hyperlink NUM president’s opening remarks at 2012 Congress)
  18. Cosatu General Secretary admitted to having sex with a married junior Cosatu employee during working hours at Cosatu Head Office. There were also allegations of manipulation of processes associated with the recruitment of that employee. In addition, there were allegations of corruption relating to the sale of the

old Cosatu head office and family ties with one of the service providers appointed to provide services to Cosatu after the appointment that might presuppose that such ties were consequential to the appointment.

## CUBA AND THE USA

# A triumph that poses new challenges

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**Emile Schepers** examines the momentum toward normalising relations between the US and Cuba, and the need for a total end to the economic blockade of Cuba

**O**n 17 December 2013, US President Barack Obama and Cuban President Raul Castro Ruz of Cuba simultaneously announced the beginning of a process of normalisation of diplomatic and trade relations between their two countries.

Since 1961, the United States and Cuba have not had regular diplomatic relations, and successive US administrations have worked assiduously to overthrow Cuba's socialist government.

Destabilisation efforts have included the Bay of Pigs invasion of 1961 and a terroristic campaign against Cuba carried out under the auspices of the United States Central Intelligence Agency (CIA) and using as violent agents groups of exiled Cuban right wingers in South Florida<sup>1</sup>.

For more than a century, US rulers saw Cuba as a rich economic prize, especially for its huge sugar cane plantations, and also as a key geopolitical asset, given its position dominating the Caribbean and Central America where US troops were so frequently sent to help local despots put down popular rebellions. So the "loss" of Cuba – the takeover of Cuba by its own people—would have been a strategic worry to the United States even if it had not been for the Cold War

in which everything was portrayed by Washington as being part of a nefarious Soviet scheme for “world domination”.

The United States government, starting with the presidency of Dwight Eisenhower, worked to overthrow Cuba’s socialist government. Economic strangulation was the parallel strategy to terroristic interventions. The United States forbade its own citizens from engaging in commercial relations with Cuba, and tried to block other countries from doing so too (the “Cuba blockade”). It engineered the expulsion of Cuba from the Organisation of American States. Cuba turned to the Soviet Union and the other socialist countries to replace the lost trade, and was able to survive and build socialism. Cuba soon showed itself as an example and support to other poor and oppressed nations of Africa, Asia and Latin America. The sacrifice by Cuban volunteers in the struggle against the South African apartheid regime will never be forgotten.<sup>2 3</sup>

But when the Soviet Union and the other Eastern European socialist states collapsed, Cuba found itself in dire straits. Anti-Castro elements in the US, in and out of government, saw their chance to “finish off” the hated socialist government in Havana. Reactionary Cuban exiles dreamed of returning, avenging themselves on the communists, and restoring their lost wealth, power and prestige. Laws were passed in the United States to intensify the economic blockade of Cuba, including the Toricelli law in 1992 and the draconian Helms-Burton law in 1996.

During the Reagan administration, Cuba was placed on the State Department’s list of “State sponsors of terrorism” which obliged the US government to block Cuban access to international financial aid. Millions of dollars of US government money has been spent subsidising the “opposition” in Cuba.

Starting in the 1970s, young left wing activists had formed the



“Venceremos Brigade” which continues to organise solidarity trips to Cuba. The Communist Party USA (CPUSA), other Marxist and left wing organisations as well as many independent individuals put our shoulders to the wheel of solidarity with Cuba, undeterred by government spying, threats and physical attacks from Cuban exile groups. In defiance of the US government, communists and other leftists participated in many solidarity delegations to Cuba and kept up pressure through the left-wing press, including our own People’s World and its predecessors.

### **‘Friendshipments’ of solidarity**

When the Soviet Union and the Eastern European states collapsed and Cuba’s trade lifeline was abruptly cut off, all over the United States activists who admire the Cuban Revolution began to upgrade our solidarity work. Members of the CPUSA, other Marxist groups, Catholic, Protestant and Jewish religious progressives and Cuban-Americans who did not agree with the reactionary Cuban exile organisations all joined in.

The Interreligious Foundation for Community Organization (IFCO)-Pastors for Peace began to play an outsize role in the Cuba solidarity work in 1992, sending “Friendshipments” to Cuba each year. Medicines and medical equipment, bicycles, computers and many other things are loaded on to buses and trucks in the USA and Canada and head to Cuba through Mexico. Every imaginable kind of organisation has pitched in to help the “Friendshipments”.

In other countries, the labour unions have been a major focus of organising work in support of Cuba. However, this has been more difficult in the USA. During the Cold War, the US ruling class organised a massive anti-communist campaign which had the additional purpose of weakening the unions. The Taft-Hartley Law of 1947 required all

unions to expel communists from leadership, and many unions were forced to comply. Those unions who refused found their members stripped of labour law protections, and were thrown out of the AFL-CIO<sup>5</sup>.

The CIA infiltrated major unions and provided them with money to interfere in labour affairs of other countries. So for a long while, most union leadership was either hostile to the Cuban Revolution or afraid of touching the subject. Nevertheless, individual trade unionists and a few trade union bodies did speak out in favour of changing US policy.

However, beginning in the mid-1990s, there was a transition in the leadership of the AFL-CIO and some component unions, away from right wing attitudes. This change has intensified lately, although on the Cuba issue there is still a lot to be done.

The role of Cuba in the struggle against apartheid in South Africa had a big impact in the United States where the large and well organised civil rights movement of the African-American people developed a high degree of respect for Cuba as a result. This produced changes in the attitudes of many civil, labour and religious groups.

So when Cuba found itself in difficulties after the collapse of Soviet and Eastern European socialism, the foundations had been laid for expanding Cuba solidarity work.

Then there arose the situation of the Cuban Five. These five Cubans had put terroristic groups in South Florida under surveillance, and for this they were treacherously arrested by US authorities and given long prison sentences. Their plight became the focus of additional organising work and helped to educate sectors of the US public on the need to change US policy.<sup>6</sup> The CPUSA has been involved in most of the Cuba solidarity activities. Our attitude has always been full support for the Cuban Revolution. We believe that the mass forces

needed to exert pressure to effectuate a policy change must be broader than just the socialist and communist left. We try to connect the Cuba issue with the economic and democratic struggles of the working class and masses, and bring it up in the context of trade union and other mass work, including electoral activism. We have paid a lot of attention to Cuba in our party press and have participated in many solidarity delegations to Cuba and other activities.

### **Mounting pressure and shifting standpoints**

The grip of the extremist Cuban exile networks has been weakening. The second generation of Cubans in the United States does not share the hardline views of the older generation. Also, migration of other ethnic groups into Florida has diluted the power of Cuban exile vote in that electorally important state.

Splits have developed within the US ruling class. US agricultural, manufacturing and service industries have noticed the degree to which corporations from other countries are making good money with trade with, and investments in, Cuba, and do not want to be left behind. The hotel industry is one of several segments of the US ruling class that favours abolishing both the ban on tourism to Cuba and the prohibition on investment and trade.

While the top-secret negotiations, facilitated by Pope Francis, were continuing, leading up to the 17 December announcement, Cuba had sent more than 400 health care workers to combat the Ebola epidemic in Liberia, Sierra Leone and Guinea. For once, the courageous work of the Cuban volunteers of the Henry Reeve Contingent was covered in a relatively positive way by much of the press and media in the USA. This made it easier for President Obama to push forward his plans for a reset of US Cuba policy. The influential New York Times, which has

not had a good editorial policy toward Cuba, ran a series of positive articles in the lead-up to the December announcement.

The United States has also received a lot of diplomatic pressure on the Cuba issue. Almost all the US's major allies and trading partners have sharply criticized US Cuba policy. For 23 years every autumn, the United Nations General Assembly has voted by increasing margins to condemn the blockade, in 2014 by a margin of 188 to two. In Latin America, the Obama administration was told in no uncertain terms that countries would start pulling away from the Organisation of American States if the United States continued to veto the presence of Cuba at its summits. So this year, Cuba was represented at the Summit in Panama by President Raul Castro, who exchanged brief pleasantries with President Obama.

The specific changes announced on December 17th amount to a major vindication for Cuba's long struggle against US attempts to destroy the Revolution.

- The United States released the three remaining members of the "Cuban Five" in exchange for the release of a Cuban jailed in Cuba for espionage. Separately, Alan Gross, an American sub-contractor jailed for subversion by Cuba, was released on humanitarian grounds.
- The United States agreed to re-open full diplomatic relations with Cuba. This was finalised on 20 July of this year, with a moving ceremony reopening the old Cuban embassy in Washington.
- The Obama administration relaxed some of the controls on US citizens' travel to Cuba, within constraints of existing legislation.
- President Obama has asked Congress to pass legislation that to repeal major aspects of the Toricelli and Helms Burton Acts, substantially normalising trade and investment relations.

- Secretary of State John Kerry removed Cuba from the list of state sponsors of terrorism and from the list of countries accused of abetting human trafficking.

But there is a lot left to do, and all this is happening within the framework of imperialism.

On 20 July, the government of Cuba outlined its view of what has yet to be done:

“The re-establishment of diplomatic relations and the opening of embassies completes the first stage of what will be a long and complex process towards the normalisation of bilateral relations, in which it will be necessary to solve a number of issues derived from policies that were implemented in the past that are still in force and affect the Cuban nation and its people.

“There could be no normal relations between Cuba and the United States as long as the economic, commercial and financial blockade continues to be fully implemented, causing damage and scarcities to the Cuban people. The blockade is the main obstacle to the development of our economy; it is a violation of International Law and affects the interests of all countries, including those of the United States.

“To normalise relations, it will also be indispensable for the United States Government to return to Cuba the territory illegally occupied by the Guantánamo Naval Base; cease the radio and television broadcasts, which violate international regulations and are harmful to our sovereignty; stop the implementation of programs aimed at promoting internal subversion and destabilisation and compensate the Cuban people for all the human and economic damages caused by the United States policies.”

### **Preempting the anti-normalisation lobby**

A number of bills have been introduced in the US Congress to end the

blockade and the restrictions on travel. Most Democrats are likely to vote in favour of them. Some Republicans will also. Public opinion favours normalisation moves. But approval is by no means assured.

The usual right-wing demagoguery has infected the discourse of the Cuba opening. Of the many Republican politicians who have already declared themselves candidates for the November 2016 presidential elections, all but one have denounced Obama's Cuba initiative which they say they will reverse.

The major Democratic Party presidential candidates, including former Secretary of State and Senator Hillary Clinton, former Maryland Governor Martin O'Malley and Senator Bernie Sanders of Vermont, all say they support the opening to Cuba and will continue it.

So it is essential for us, at this point, to support legislation that helps to break down the blockade. And likewise, it is crucial that the 2016 elections not result in the coming to power of the extreme right wing Republicans.

A realistic analysis of the balance of forces leads one to conclude that the only practical way to stop extremist, ultra-rightist Republicans is by supporting Democratic candidates. No other party in the United States is of sufficient scale and strength to block the Republicans.

The Communist Party USA is working with others to support the legislation to end the Cuba blockade. We are upgrading our efforts to educate the US public on the issue. We are strongly promoting the nomination of Cuban health care volunteers for the 2015 Nobel Peace Prize. The excellent publicity in the US press and media given to Cuba's ebola work suggests that this would be a good way to build support for ending the blockade. Cuba's health solidarity work has been nominated twice for the prize. The first nomination, by the Norwegian Trade Union Federation at its meeting in Trondheim, Norway,

in February, was specifically for the Henry Reeve Contingent of volunteers who did such magnificent work against the ebola epidemic. The second nomination is by a Canadian professor, and encompasses the whole of the Cuban health solidarity operation. We have created a petition supporting both nominations, as well as a model resolution for trade unions and civil organisations to use to promote the Nobel Prize nominations, and all of this work will be the subject of articles in our Party press and educational work.

### **Cde Shepers is International Secretary of the Communist Party USA**

#### **Endnotes**

1. Franklin, Jane, 1997: *Cuba and the United States: A Chronological History*. Ocean Press
2. Gleijeses, Piero, 2002, *Conflicting Missions: Havana, Washington and Africa, 1959-1976*. Chapel Hill, University of North Carolina Press.
3. Gleijeses, Piero, 2013, *Visions of Freedom: Havana, Washington, Pretoria and the Struggle for Southern Africa, 1976-1991*. Chapel Hill, University of North Carolina Press.
4. <http://ifconews.org/cuba-caravan/cuba-friendshipment-caravan-campaign-a-rich-history/>
5. AFL-CIO (the American Federation of Labor and Congress of Industrial Organizations) is the main USA trade union federation.
6. Kimber, Stephen, 2013 *What Lies Across the Water: The Real Story of the Cuban Five*, Fernwood Publishing.

#### **Online Resources:**

- Peoples World (online publication of the CPUSA) <http://peoplesworld.org>

- Political Affairs: (online publication of the CPUSA)  
<http://politicalaffairs.net>
- National Network on Cuba: <http://www.nnoc.org/cubasolidarity/aboutnnoc/index.htm>
- IFCO/Pastors for Peace: <http://ifconews.org/>
- Venceremos Brigade: <http://www.venceremosbrigade.net/>
- Cubadebate: Against Terrorism in the Media.  
<http://en.cubadebate.cu/>







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